

The Manager Companies - ASX Limited
20 Bridge Street
Sydney NSW 2000

ASX Announcement
30 August 2024
(88 pages)

ANNUAL REPORT AND APPENDIX 4E

I attach the Company's Annual Report for the year ended 30 June 2024 and Appendix 4E, Preliminary Final Report.

Full details of the Company's Operating and Financial Review are contained in the attached Annual Report which forms part of this Preliminary Final Report.

Yours sincerely



Richard Edwards
Company Secretary

pjn12301

Appendix 4E

Preliminary final report

Name of entity

| |
|--------------------------|
| ALPHA HPA LIMITED |
|--------------------------|

ABN or equivalent company reference

| |
|-----------------------|
| 79 106 879 690 |
|-----------------------|

Financial year ended ('current period')

| |
|---------------------|
| 30 JUNE 2024 |
|---------------------|

Results for announcement to the market

| | | | | | |
|---|---|--------|--------------------------------------|--------------|-----|
| Revenues from ordinary activities | Up | 172.8% | to | \$44,055 | |
| Loss from ordinary activities after tax attributable to members | Up | 59.3% | to | \$24,981,041 | |
| Net loss for the period attributable to members | Up | 59.3% | to | \$24,981,041 | |
| Dividends (distributions) | Amount per security | | Franked amount per security | | |
| Final dividend | Nil | | Nil | | |
| Interim dividend | Nil | | Nil | | |
| Previous corresponding period | | | | | |
| Final dividend | Nil | | Nil | | |
| Interim dividend | Nil | | Nil | | |
| Record date for determining entitlements to the dividend. | <table border="1" style="margin: auto; width: 50%;"> <tr> <td style="text-align: center;">N/A</td> </tr> </table> | | | | N/A |
| N/A | | | | | |
| <p>Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:</p> <p>Refer attached Annual Report for the year ended 30 June 2024.</p> | | | | | |
| NTA backing | Current period | | Previous corresponding period | | |
| Net tangible asset backing per ordinary security | 0.21 cents | | 0.07 cents | | |

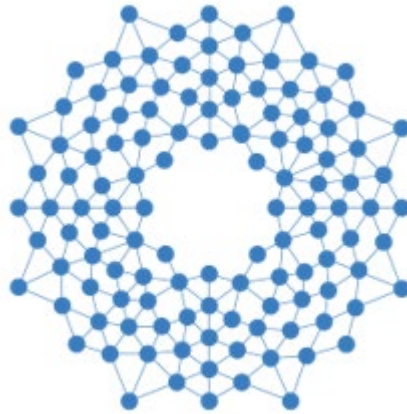
The attached Annual Report which forms part of this Appendix 4E has been audited.

For personal use only

For personal use only

Alpha HPA Limited

(ABN 79 106 879 690)
and its controlled entities



Annual Report

for the financial year ended 30 June 2024

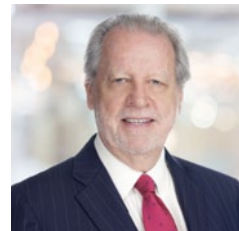
Table of Contents

| | |
|---|----|
| Chairman's Letter | 1 |
| Review of Operations | 2 |
| Corporate Governance Statement | 22 |
| Directors' Report | 23 |
| Lead Auditor's Independence Declaration | 44 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 45 |
| Consolidated Statement of Financial Position | 46 |
| Consolidated Statement of Changes in Equity | 47 |
| Consolidated Statement of Cash Flows | 48 |
| Notes to the Consolidated Financial Statements | 49 |
| Consolidated Entity Disclosure Statement | 76 |
| Directors' Declaration | 77 |
| Independent Auditor's Report | 78 |
| Additional ASX Information | 82 |
| Corporate Directory | 84 |

Alpha HPA Limited

ABN 79 106 879 690

Chairman's Letter



Dear Fellow Shareholders,

I am extremely pleased to present to you this year's Annual Report after what has been a landmark last 12 months for our Company. In May this year several years of remarkable progress and hard work from our management and operations teams culminated in the Company releasing an updated Definitive Feasibility Study ('DFS') for the development of the stage 2 commercial scale HPA First Project.

Significantly expanding on the Project's 2020 DFS, which essentially contemplated production of a single product line of HPA powders, the 2024 DFS presents a materially superior business case building on a significantly diversified, multi-product offering of high purity aluminium products that reflects the flexibility of our process and the enormous amount of product development and end-user marketing our team has engaged in over the last 4 years. This significantly optimised business case was ultimately recognised by Australia Government lending agencies, with the Company securing credit approval for a \$400 million project finance facility from the Northern Australia Infrastructure Facility (NAIF) and Export Finance Australia (EFA) towards the construction of the HPA First Project.

On the back of a compelling DFS, the strong endorsement from the Federal Government and existing state and Federal grant monies, it was a comfortable decision for our Company's Board to take a positive Final Investment Decision ('FID') to formally greenlight the development of the commercial scale HPA First Project. This decision was also endorsed by our loyal and supportive shareholders with \$180 million in new equity raised across an institutional placement and share purchase plan. Having successfully built, commissioned and optimised our Precursor Production Facility ('PPF') over the last 2 years, the Company is now excited to commence the development of stage 2 of the HPA First Project, the delivery of which will firmly establish our Company as a global leader in the production of high purity aluminium products servicing the EV battery, semi-conductor and LED lighting industries.

Equally exciting as the progress of the HPA First Project has been the continuing development of our Alpha Sapphire business. Over the course of the last 12 months the Company's relationship with Ebner-Fametec has continued to mature, with two of Ebner's crystal growth units now successfully installed and commissioned within the Stage 1 PPF. Pairing these low-carbon sapphire growth units with Alpha's custom HPA tablets, the Company is now producing a steady stream of crystal boules for qualification testing within the global sapphire market, along with exploring additional downstream value additive wafering collaborations with this business. This represents an enormous opportunity to create significant additional cash flows for the Company and tremendous additional value for our shareholders.

Looking ahead, the next 12 months should be filled with great opportunity and potential to further expand our business. With our HPA First Project now underway, interest in securing access to our diverse suite of high purity aluminium products has never been higher. We are confident our significant product development and customer marketing effort over the last several years will result in the Company establishing a tier-1 global customer base whose forward demand for our products will underpin a long-life and highly successfully specialty aluminas business.

On behalf of the entire Board, I again extend my gratitude to our Managing Director Rimas Kairaitis, the senior executive team and our growing workforce for their amazing efforts in building Alpha into the Company it is today and one which has an enormously bright future.

Yours sincerely



Norman A. Seckold
Chairman

For personal use only

Review of Operations

OVERVIEW

Alpha is an ASX-listed specialty metals and technology company focused on the delivery of the HPA First Project and the Alpha Sapphire Project, each representing the commercialisation and production of critical high purity aluminium products driving de-carbonisation, and utilising the Company's proprietary aluminium purification and refining technology.

These Projects will deliver a range of ultra-high purity aluminium products that are critical materials to the supply chains of key de-carbonising high-technology sectors including:

- LED lighting;
- Lithium-ion batteries;
- Semi-conductors; and
- Sapphire glass for smartwatches/smartphones screens and wafers for micro-LED technology.

The year under review saw a number of material achievements in advancing both the HPA First Project and Alpha Sapphire. Highlights for the year included:

- Delivery of the Definitive Feasibility Study (**DFS**) for Stage 2 of the HPA First Project (**Stage 2**), representing a comprehensive update to the initial Project DFS delivered in March 2020, with a materially improved financial case.
- Reaching a Final Investment Decision (**FID**) to commence construction and commercialisation of Stage 2.
- Securing Project financing for HPA First Project Stage 2 including credit approval of \$400 million of Government lending support from the Northern Australia Infrastructure Facility (**NAIF**) and Export Finance Australia (**EFA**) in addition to ~\$180 million in equity via completion of an institutional placement and share purchase plan.
- The commencement and acceleration of execution of Stage 2 including the establishment of an Integrated Owner's Team (**IOT**) and the issue of all long-lead equipment packages.
- Production of all products from the Stage 1 PPF reaching stable state, including of 5N (>99.999%) purity aluminium nitrate (Al-nitrate) reaching production levels of >850kg per day, HPA production reaching >550kg per week and high purity alumina hydrate production reaching >100kg (wet cake) per day.
- Final deployment of the Federal Government's \$15.5M Critical Minerals Development Program (**CMDP**) to finalise the installation and commissioning of equipment for the Stage 1 HPA circuit which will expand the facility's production to cover the full suite of the Company's high purity aluminium product range.
- Ongoing expansion of product marketing and product development activities of the Company's suite of ultra-high purity precursor and alumina products.
- Implementation of the Company's collaboration with the Ebner-Fametec Group to accelerate the Company's staged entry into the downstream production of synthetic sapphire glass including securing funding support of up to \$30 million from the QIC Critical Minerals and Battery Technology Fund (**QCMETF**) and several strategic shareholders.
- Successful installation and commissioning of two Ebner sapphire crystal growth units within the Stage1 PPF which are now producing sapphire crystal boules for qualification testing within the global sapphire market along with exploring additional downstream value-additive wafering collaborations.

For personal use only

Review of Operations

HPA FIRST PROJECT: STAGE 1 - PPF

HPA circuit expansion

In the first half of the year, the Company progressively deployed the \$15.5 million grant awarded under the Critical Minerals Development Program (**CMDP**) to install a small-scale commercial HPA circuit within Stage 1 PPF and expand the capability of the Stage 1 PPF to include Alpha’s full high purity aluminium product range.

The HPA circuit is a new process circuit within Stage 1 and expands the production capability of the Stage 1 PPF to include:

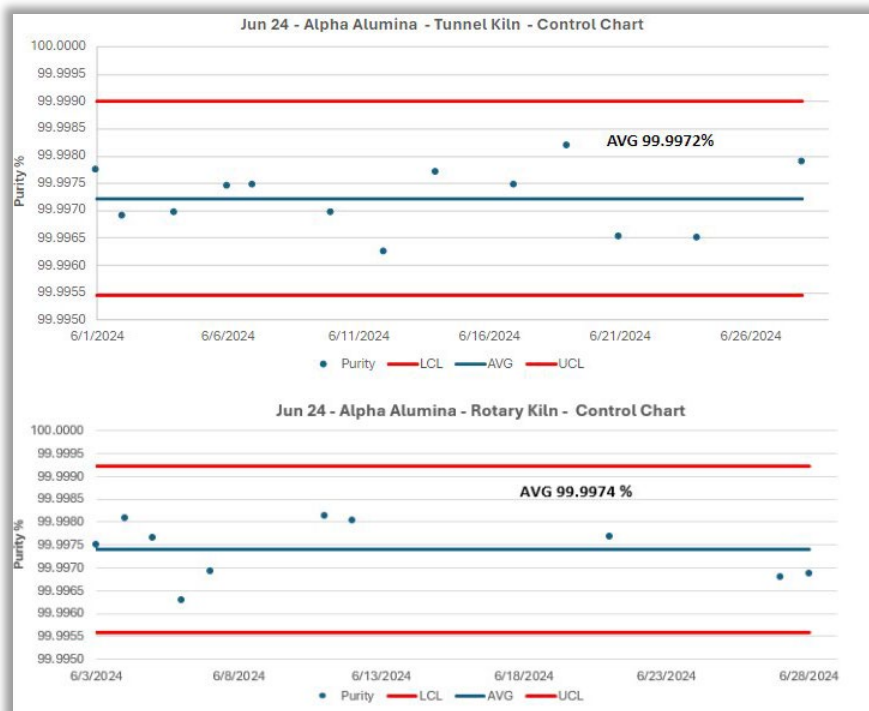
- between 15-40 tpa additional capacity of HPA production;
- Nano HPA production to service end-users in the semi-conductor/chemical mechanical polishing (CMP) sector;
- the capability to produce up to an additional 10tpa of high purity boehmite;
- the capacity to produce 15-25tpa of high purity alumina-trihydrate (ATH);
- the expansion of Stage 1 PPF production capacity of aluminium nitrate and aluminium sulphate; and
- the production of HPA tablets as feedstock for synthetic sapphire glass growth.

With the HPA circuit fully installed and commissioned the second half of the year saw Stage 1 operations focus on servicing customer qualification test orders and sales orders for:

- Alpha and gamma phase HPA
- Sintered HPA tablets
- Nano-HPA
- High purity alumina hydrates (boehmite (Al-O-OH) and 'ATH' (or Al(OH)₃))
- Aluminium nitrate

The HPA and alumina hydrate circuits have continued to improve, with HPA production levels reaching >550kg per week and alumina hydrate production reaching >100kg (wet cake) per day. Ongoing process refinements and de-bottlenecking continue to optimise product throughput

Production of all materials continues to maintain exceptional purity levels in excess of 99.995%.



HPA production Stage 1, June 2024 purity trends averaging 99.997%

For personal use only

Review of Operations

HPA FIRST PROJECT: STAGE 2 - FULL SCALE PROJECT

The 2024 financial year saw material developments for the full scale HPA First Project as outlined below.

Definitive Feasibility Study

In May 2024 the Company presented the Definitive Feasibility Study (**DFS**) for Stage 2 of the HPA First Project (**Stage 2**). This DFS represented a comprehensive update to the initial Project DFS delivered in March 2020, with a materially improved financial case.

This DFS represented the final, optimised financial HPA First Project investment case, enabling the Company to take its Final Investment Decision (**FID**) and commence construction of Stage 2.

Stage 2 represents the full commercial scale deployment of Alpha's proprietary aluminium purification and refining technology to produce a range of ultra-pure, high value aluminium-based materials for specialty, high technology markets including semiconductors, lithium-ion batteries (**LiBs**) and LED lighting.

DFS HIGHLIGHTS

- Expanded product offering focused on specialty, high value applications
- Annualised capacity of 10,430 tonnes per annum of high purity aluminium products
- Annual EBITDA of between \$255 - \$403M* (post royalties)
- Unit cash costs of \$9,578/t (US\$6,705/t) per aluminium product after by-product credits
- Pre-production Project CapEx \$553M (US\$387M) including \$79M contingency
- Increased process and financial flexibility with addition of multiple aluminium based product capabilities
- Capability to expand aluminium nitrate production as market expands

* Between Alpha's Price Discovery Case and Independent Pricing Case.

KEY FINANCIAL METRICS

The Stage 2 DFS shows the delivery of a technically robust and financially compelling business case, built on the ability of the Company's process to deliver a range of ultra-pure, high value aluminium materials at low cost.

Headline Stage 2 metrics include:

| HPA First Project Stage 2 | | |
|---|---------|---------|
| Key Project Parameters | A\$ | US\$ |
| FX AUD:USD | 0.70 | |
| Combined production all aluminium products (tpa) | 10,430 | |
| Annual average cash operating cost - after by-products credits ¹ | \$100M | \$70M |
| Unit cash cost (\$/t of aluminium product) - after by-products credits | \$9,578 | \$6,705 |
| Annual aluminium feedstock processed (wmt) | 13,400 | |
| Pre-production capital cost (including \$79m contingency) | \$553M | \$387M |

Note:

1. Operating estimate does not include any potential impact of the Budget measures relating to Critical Minerals Production Tax Credits announced as part of the Federal Budget on 14 May 2024.

For personal use only

Review of Operations

The key operating financial metrics of the DFS are as follows, where steady state operations are defined as post ramp-up (note, these metrics do not include Alpha Sapphire).

| Key Project Metrics at Steady State ¹ | Product Pricing Scenarios | | |
|---|--------------------------------|----------|--------------------------|
| | Alpha HPA Price Discovery Case | Mid Case | Independent Pricing Case |
| | A\$ | A\$ | A\$ |
| Annual revenue @ 10,430tpa high purity aluminium products | \$359M | \$442M | \$509M |
| Annual operating costs (after by-product credits) ² | \$100M | \$100M | \$100M |
| EBITDA (after payroll tax & royalties) ³ | \$255M | \$336M | \$403M |
| Pre-tax free cash flows ⁴ | \$251M | \$333M | \$399M |
| Unit cash cost (\$/kg of aluminium product after by-products credits) | \$9.58 | \$9.58 | \$9.58 |
| Weighted average product sales price (\$/kg) | \$34.44 | \$42.34 | \$48.77 |
| | US\$ | US\$ | US\$ |
| Unit cash cost (US\$/kg of aluminium product after by-products credits) | \$6.70 | \$6.70 | \$6.70 |
| Weighted average product sales price (US\$/kg) | \$24.11 | \$29.64 | \$34.14 |
| Payback period from first production (years) | 4.4 | 3.7 | 3.4 |

| HPA Equivalents | Alpha HPA Price Discovery Case | Mid Case | Independent Pricing Case |
|-----------------------------|--------------------------------|----------|--------------------------|
| HPA Eq volume (tpa) | 6,850 | 6,850 | 6,850 |
| HPA Eq. sales price (\$/kg) | \$52.44 | \$64.47 | \$74.26 |

Note:

1. Steady state operations are defined as post-ramp-up (ie: from FY30 onwards) noting the Company expects to reach 23% by 2026, 87% by 2027 and 93% by 2028.
2. Operating estimate does not include any potential impact of the Budget measures relating to critical minerals tax credits delivered as part of the Federal Budget on 14 May 2024.
3. EBITDA is after royalties and payroll tax.
4. Pre-tax free cash flows are after sustaining capital and working capital.

Where:

- **Alpha HPA Price Discovery Case:** A conservative case using volume weighted pricing confirmed by Alpha as valid historical in-market pricing, obtained through Alpha's own comprehensive market research and market outreach through sales, bids, offers and LOIs from 2022 to present. A detailed report on product price discovery was announced to the ASX on 8 May 2024.
- **Mid Case:** Using third-party consultant pricing for alumina-based products (CM Group) and aluminium nitrate pricing at more conservative levels than third-party than consultants (GLG). Alpha notes the close alignment between the CM Group market pricing and the upper end pricing observed within Alpha's own market engagement for a majority of Alpha's product lines.
- **Independent Pricing Case:** Using high purity aluminium product pricing based on third party consultants (CM Group and GLG).

Review of Operations

PROJECT FINANCING

Loan Facilities

In April 2024, Alpha received conditional approval for \$320 million in Project loan facilities and an \$80 million cost overrun facility in respect of Stage 2 of the HPA First Project. The facilities will be jointly funded by the following Australian Government financing agencies (**Lenders**):

- Northern Australia Infrastructure Facility (**NAIF**); and
- Export Finance Australia (**EFA**), with support provided under the Australian Government's \$4 billion Critical Minerals Facility (administered by EFA) and EFA's Commercial Account.

The Australian Government agencies, NAIF and EFA, have each committed \$160 million in construction facility funding for the project. The Australian Government's \$4 billion Critical Minerals Facility supports the Australian Government's Critical Minerals Strategy 2023-2030 by providing finance to strategically significant projects.

A final commitment is subject to conditions required under the Critical Minerals Facility, completion of all due diligence to the satisfaction of EFA and NAIF, execution of finance documentation and satisfaction of customary conditions precedent. Drawdown is also subject to the Company securing letters of intent and product qualification for an aggregate of 10ktpa reasonably aligned with the intended product and production profile. An inability to meet these conditions may delay or prevent drawdown of the Project loan facilities.

| SUMMARY PROJECT FINANCE TERMS | |
|---------------------------------|---|
| Borrower | Solindo Pty Limited (wholly owned subsidiary of Alpha HPA Limited) |
| Sponsor | Alpha HPA Limited |
| Lenders | <ul style="list-style-type: none">• Export Finance Australia,• The State of Queensland (as the lender of record for a commitment from NAIF) |
| Senior Facilities Limits | <p>A. Construction Facility: \$320,000,000 to be split 50:50 between NAIF and EFA.</p> <p>B. Cost Overrun Facility (COF): \$80,000,000 to be split 50:50 between NAIF and EFA.</p> |
| Other Conditions | <p>A final commitment is subject to conditions required under the Critical Minerals Facility, completion of all due diligence to the satisfaction of EFA and NAIF, execution of finance documentation and satisfaction of customary conditions precedent.</p> <p>Drawdown is also subject to the Company securing letters of intent and product qualification for an aggregate of 10ktpa reasonably aligned with the intended product and production profile.</p> |
| Maturity Date | <p>A. Construction Facility: 11 years.</p> <p>B. COF: 5 years.</p> |

For personal use only

Review of Operations

About Export Finance Australia

EFA is Australia's export credit agency (ECA). EFA provides commercial finance for export trade and overseas infrastructure development. From small and medium sized enterprises (SMEs) to large corporates, foreign Governments and infrastructure projects, EFA helps Australian businesses take on the world. In doing so, EFA finance supports Australia's economic security and regional resilience.

EFA administers the Australian Government's National Interest Account, which currently includes the Southeast Asia Investment Financing Facility, the Critical Minerals Facility, the Defence Export Facility and lending for the Australian Infrastructure Financing Facility for the Pacific.

About the Northern Australia Infrastructure Facility

The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government financier, providing concessional loans for the development of infrastructure projects in northern Australia and the Australian Indian Ocean Territories. NAIF supports projects that deliver public benefit to the north, through new jobs, regional income, business for local suppliers and Indigenous employment opportunities.



Australian Prime Minister Anthony Albanese, Federal Resources Minister Madeline King, Queensland Premier Steven Miles, State Member for Gladstone Glenn Butcher and Deputy Gladstone Mayor Cr Natalia Muszkat with Alpha staff at Alpha's Gladstone site for the announcing of government funding support for Stage 2

For personal use only

Review of Operations

Equity Financing

In May 2024 Alpha undertook a \$175M equity raising via a two-tranche placement of new fully paid ordinary shares to existing institutional shareholders and eligible new institutional investors (**Placement**). There was significant demand from both existing shareholders as well as a number of high quality new domestic and global institutional investors, with the placement being upsized from \$120 million to \$175 million. The Placement was done at \$0.90 per share, with approximately 194 million new shares being issued. Approximately 71 million shares to raise approximately \$64 million were issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1 and approximately 123 million New Shares to raise approximately \$111 million were issued following shareholder approval at an Extraordinary General Meeting (**EGM**) held on 24 June 2024.

Funds from the Placement will be used to immediately commence Stage 2 project execution including finalising detailed engineering, ordering of long-lead items, commencing civil and construction works and for general working capital purposes.

Alongside the Placement, Alpha undertook a non-underwritten Share Purchase Plan (**SPP**), which subsequently raised a further \$5.323 million, with 6,337,158 shares being issued at \$0.84 per share.

Further project financing arrangements

Alpha has received non-solicited advanced proposals for alternative and non-dilutive financing arrangements from a number of parties to fund further Stage 2 capital requirements. Alpha continues to evaluate the most appropriate funding sources with the aim of minimising dilution to shareholders and providing Alpha with the optimal funding mix.

Integrated Owners Team Established

Alpha has formed an integrated owners team (**IOT**) to execute the project. The IOT comprises of key project management personnel including GM Projects, Projects Controls Manager, Contracts and Procurement Manager, Technical Manager and Engineering Manager. The IOT are working directly with our owners engineering team, Sedgmen Prudentia, who previously designed and constructed the Stage 1 PPF operation in Gladstone.

The construction management team, as part of the IOT, are also fully established in Gladstone and focused on site establishment and earth works.

Site Establishment Underway

In August 2024, earthworks and civil contractors had commenced site establishment activities, mobilising equipment and support infrastructure, and Ergon have commenced power line burial ahead of the imminent commencement of project earthworks.

Long lead equipment packages

The Stage 2 Project team is accelerating final process area design and have now awarded a number of long lead critical path packages, including:

- Solvent Extraction (SX)
- Pressure Filters
- Cooling Towers
- Aluminium Nitrate Centrifuge

Review of Operations



*Inspecting the Stage 2 site
(From L to R), Sanjeev Gandhi (Orica CEO), Rob Williamson (Alpha Director and COO), Chris Bowen,
(Minister for Climate Change and Energy) and Rimas Kairaitis (Alpha MD)*

PRODUCT MARKETING AND TESTWORK

Over the last 12 months Alpha continued to service a wide range of product orders across a number of high-technology sectors, namely:

- **Lithium-ion battery (LiB) sector:** With a focus on cathode coating & dopants and anode coatings
- **LED Lighting sector:** With a focus on HPA for synthetic sapphire LED substrates and LED phosphors
- **Semi-conductor sector:** With a focus on materials for Chemical Mechanical Polishing (CMP) and thermal interface materials for semi-conductor packaging

Alpha is utilising capacity in both the Stage 1 PPF in Gladstone, QLD and the Company's product development facility in Brisbane to service various stages of its expanding market outreach, which includes:

- servicing existing sales orders;
- delivering into tonnage scale orders for end-user production testwork;
- servicing technical qualification, usually involving multiple test orders; and
- delivering initial production scale orders to demonstrate product suitability.

Semiconductor and Direct Lithium Extraction (DLE) sectors

Across the year the Company observed a significant increase in end-user engagement within the semiconductor industry, augmented with a recent marketing visit to Japan, where there is a concentration of manufacturing of high-end thermal interface materials for the semiconductor sector.

Recent engagement has generated >400kg of test sample orders for thermal interface and materials, comprising 12 separate orders, and a further two Letters of Intent (LOIs) constructed with end-users in draft.

Alpha's ability to create novel, amorphous, nanocrystalline, high purity alumina tri- hydroxides (**ATH**), continues to be of particular interest to end-users for Direct Lithium Extraction (**DLE**) catalysts.

Within the last month, Alpha has serviced or is servicing 13 separate end-user test product orders for DLE end-users. DLE counterparties range from technical service providers, global materials business to petroleum majors looking to extract lithium from oil-field brines.

Alpha is utilising capacity in both the Stage 1, Precursor Production Facility (**PPF**) in Gladstone, QLD and the Company's Brisbane facility to continue to deliver product test orders to end-users.

Review of Operations

USA marketing

During the year Alpha completed a USA marketing trip off the back of the Company's participation in the Australian Critical Minerals Delegation to Washington DC.

The delegation coincided with a State visit by the Australian Prime Minister and with the announcement of the Australia-United States Climate, Critical Minerals, and Clean Energy Transformation Compact (**the Compact**).

End-user visits substantially advanced a number of large volume negotiations with key USA based end users, most notably:

- the accelerated testing and potential >1,000tpa supply of custom HPA's to a key supplier to the US semiconductor sector;
- the larger volume supply of custom high purity alumina hydroxides to a manufacturer of high purity catalysts; and,
- the potential supply of a high purity alumina hydroxide precursor to an existing manufacturer of high purity aluminas to the technical ceramics sector.

A number of further test orders were generated from the trip which are now being manufactured between Alpha's Stage 1 facility in Gladstone and the Brisbane product development centre.

POST FID test order interest

The Company has recorded a material increase in product test order volumes and sales orders post FID of Stage 2. In particular, the receipts of multiple pre-commercial product sales reflect the encouraging maturation of technical product qualification with multiple counterparties. In each case, pre-production sales are linked to material indicative sales volume to be serviced by the Stage2 facility.

Sales orders received, completed or under manufacture since the May2024 FID include:

For semiconductor end-use applications:

- 250kg nano- high purity alumina (**HPA**) precursor sales order
- 40kg of nano HPA sales order
- 50kg of nano HPA sales order

For Direct Lithium Extraction (**DLE**) catalysts:

- 2 x 100kg sales orders of high purity alumina hydroxides (**ATH**)

For other applications:

- 20kg of milled HPA
- 5kg of milled HPA
- 11kg of Al-Nitrate

Test order volumes also continue to build, including:

- 8 individual test orders of high purity ATH for DLE
- 300kg of sintered HPA tablets for synthetic sapphire glass growth

Average unit pricing for these sales orders is US\$32/kg. Alpha is utilising capacity in both Stage 1 and the Company's Brisbane facility to continue to deliver product test orders to end-users.

Review of Operations



High purity alumina, aluminium hydroxide and Al-nitrate shipments leaving site

Certification of Product Carbon Footprint (PCF) by CarbonChain

During the year Alpha completed third party modelling of cradle-to-gate, product carbon footprint (PCF) analysis of each of its high purity aluminium products.

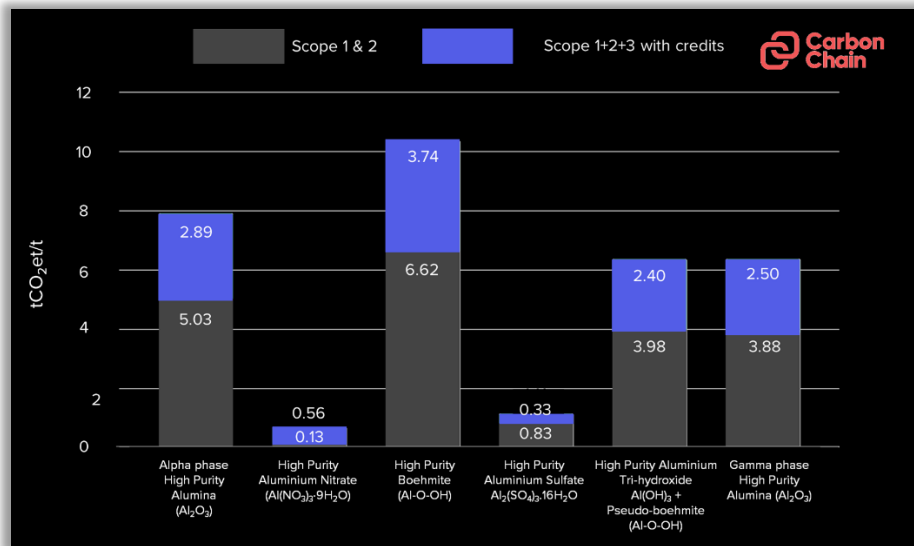
The modelling is inclusive of Scope 1, 2 & 3 emissions and credits received for the recycling of key reagents.

The PCF results by each product are represented graphically below.

Alpha considers each of these are likely to be sector leading in each product category. The very low carbon footprint results are enabled by:

- Alpha not using any (high embodied carbon) aluminium metal as process feedstock, unlike competing processes
- Alpha using 100% renewable electricity; and
- Alpha recycling close to 100% of its process reagents.

For personal use only



CarbonChain PCF modelling across Alpha's high purity aluminium product range

Review of Operations

PRODUCT DEVELOPMENT

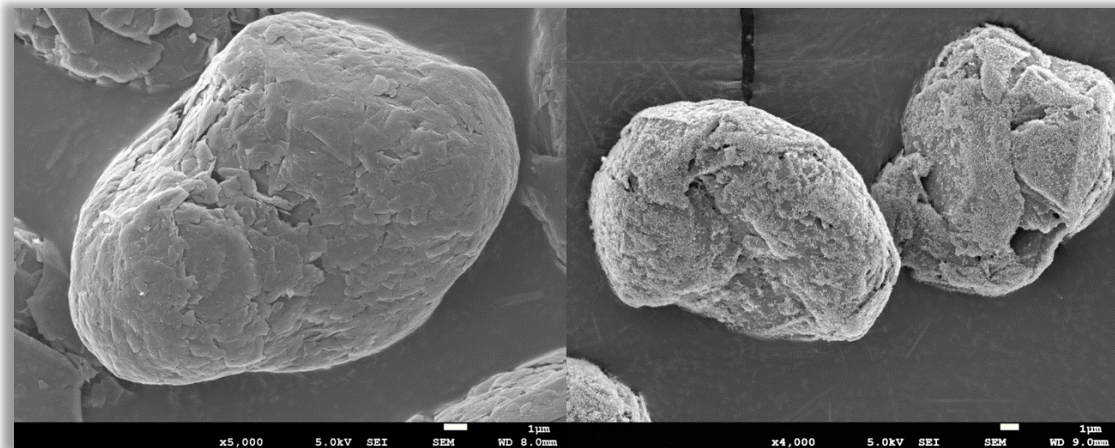
Third party research confirmation of safety benefits of Ultra-Coat process

Over the last 12 months Alpha has enjoyed very wide engagement across the LiB anode sector for the testing of Al-oxide coated graphite anode materials using ultra high purity Al-Nitrate precursors (Alpha's 'UltraCoat' process), with testing underway with 13 different end-users. The UltraCoat process provides for higher capacity, faster cycling LiB cells, and replaces the traditional carbon-pitch coat which represents the incumbent graphite anode coating process.

In significant part, the interest is being driven by the well described benefits of the process with respect to improved electrochemical performance.

Alpha has also been able to validate the very significant safety benefits of the Al-oxide coating. A key technical paper published by the leading anode manufacturer (BTR New Materials Group) confirms the process provides a **100% reduction in thermal runaway (battery fires) under nail-penetration testing**.

The nail penetration test is the industry standard test for battery safety under short circuit/trauma.



SEM imagery showing raw graphite anode particles (LHS) and Ultra-coated particles (RHS)

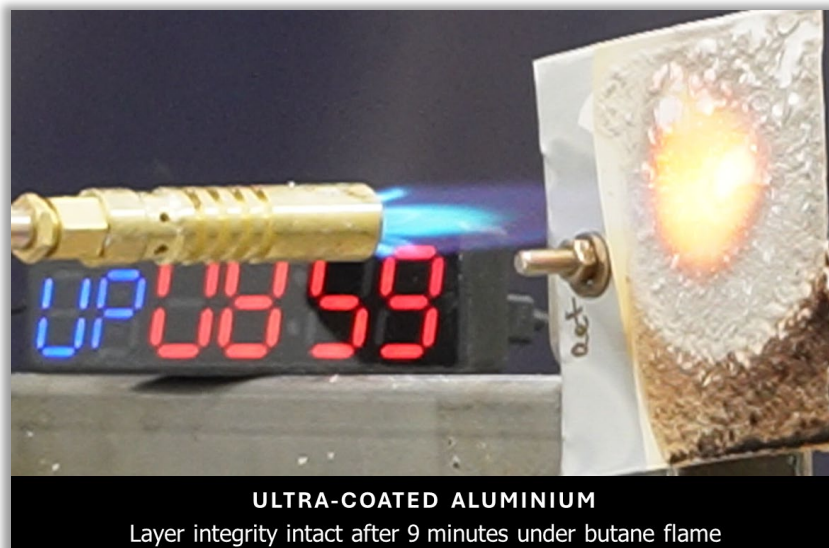
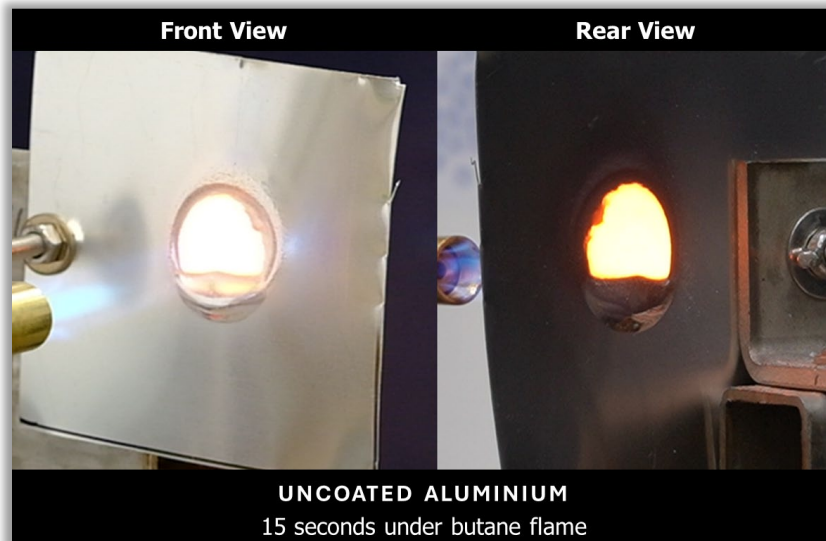
UltraCoat Safety confirmed

Flame testing has confirmed the safety benefits of the UltraCoat process, which utilises Alpha's proprietary ultra-high purity Al-Nitrate precursor to apply controlled thickness high-purity aluminium-oxide and hydroxide coatings to a range of surfaces within the Li-B cell environment.

Flame testing has now confirmed that aluminium Li-ion cell casings utilising the UltraCoat process can withstand >1000°C thermal runaway conditions for >9minutes, when compared to <15 seconds on uncoated aluminium cell casings. Alpha has successfully filed a provisional patent for the UltraCoat process.

Alpha is currently engaged with >15 anode developers, battery makers and cell casing manufacturers to qualify the UltraCoat process

Review of Operations



UltraCoat battery safety process

Alpha has successfully filed a provisional patent for the UltraCoat process, which utilises Alpha's proprietary ultra-high purity Al-Nitrate precursor to apply controlled thickness high-purity aluminium-oxide and hydroxide coatings to a range of surfaces within the Li-B cell environment.

UltraCoat can be applied to chemically coat:

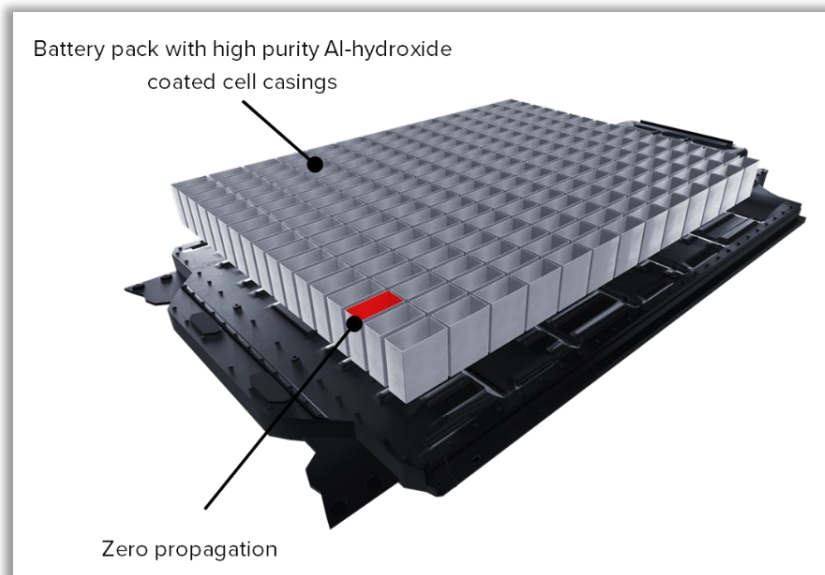
- Li-ion battery anode and cathode active materials
- Li-ion battery cell casings
- Li-ion electrode sheets

In most cases the coating provides material safety benefits in the protection of thermal runaway preventing Li-ion battery fires (**thermal runaway**) and/or preventing propagation of Li-ion battery fires through a cell pack (**zero propagation**).

Review of Operations



Application of ultra-pure aluminium hydroxides on li-ion battery cell casings using Alpha's UltraCoat process



Schematic showing UltraCoat application to Li-ion cell packs and control of fire propagation

The wider regulatory and EV manufacturer focus on Li-ion battery fire prevention is considered strongly favourable for the accelerated testing, and adoption of this coating technology, enabled by the establishment of commercial scale aluminium nitrate production by Alpha.

For personal use only

ALPHA SAPPHIRE

Background

In March 2023, Alpha entered agreements with Ebner-Fametec, to provide for the staged entry by Alpha into the production and sale of synthetic sapphire glass utilising Ebner-Fametec sapphire growth technology and utilising Alpha's custom high purity alumina (**HPA**) tablets as feedstock.

Alpha has agreed with Ebner to purchase and roll-out sapphire growth units in the following phases:

- **Phase A:** Purchase and installation of an initial 2 synthetic sapphire growth units: *Completed*
- **Phase B:** Purchase and installation of a further 48 synthetic sapphire growth units: *Total 50*
- **Phase C:** Purchase and installation of a further 50 synthetic sapphire growth units: *Total 100*

In June 2023, the agreement between Alpha and Ebner-Fametec was expanded to include a Letter of Intent to work co-operatively on an additional, large-scale expansion of the Australia based sapphire growth installation, to be referred to as the '**Nova Phase**'. The Nova Phase LOI contemplates the purchase, construction, installation and operation of up to an additional 1,000 synthetic sapphire growth units.

Completion of \$30M Alpha Sapphire funding from QCMBTF

The Company executed binding transaction documentation for the provision of up to \$30 million of project funding from the QIC Critical Minerals and Battery Technology Fund (**QCMBTF**) for the Company's 100% owned subsidiary, Alpha Sapphire Pty Ltd (**Alpha Sapphire**).

Proceeds from the QCMBTF project funding will be applied to accelerate the roll-out of the initial 50 sapphire growth units (Phases A and B) contemplated in the LOI announced with Austrian technology partner Ebner Industrieofenbau GmbH (**Ebner**) and Ebner subsidiary Fametec GmbH (**Fametec**).

Completion of \$40M Strategic Placement to accelerate Alpha Sapphire

In November 2023 the Company received binding commitments from Australian Super, Orica Limited and other large shareholders to raise \$40 million (before costs) through the issue of approximately 54.8 million new fully paid ordinary shares in the Company representing 6.2% of Alpha's existing shares on issue, at an offer price of \$0.73 per share (**Strategic Placement**). The Strategic Placement provides matching funding to the \$30 million funding from the QIC Critical Minerals and Battery Technology Fund (**QCMBTF**), as well as general working capital.

With the completion of all the conditions precedent to the drawing of both tranches of the QCMBTF facility (refer below), a total of \$60 million funding is now available to fully fund Phases A and B of the roll-out of the Alpha Sapphire Project (in total, the first 50 sapphire growth units). Phases A and B of the Alpha Sapphire Project are projected to generate sufficient future cashflows to fund the future expansion through to completion of Phase C (being a further 50 sapphire growth units, taking the total number of sapphire growth units to 100).

Dependent on final production rates from Alpha's existing HPA First Project Stage 1 facility in Gladstone, Alpha Sapphire Phases A and B are expected to be either wholly or substantially supplied with HPA tablet feedstock from the Company's HPA First Project Stage 1.

The Strategic Placement is a strong endorsement of Alpha Sapphire and a significant corporate milestone in funding the Alpha Sapphire business through to positive cash flow.

Review of Operations

Installation and successful sapphire growth from Phase A sapphire growth utilities in Gladstone

During the year the Company successfully completed the installation of the first two synthetic sapphire growth units (Phase A) at the Company's HPA facility in Gladstone, QLD.

By the end of the year the Company's initial 2 sapphire growth units had successfully completed their second growth cycle, with first sapphire boules having been dispatched to end-users for qualification testing. Subsequently successful growth cycles of high-quality synthetic sapphire boules continued.

Some of the sapphire boules have now been despatched for processing to synthetic sapphire wafers to service qualification enquiries for LED, semiconductor and sapphire optics end-users.



Raw, single crystal sapphire boules generated from most recent production run (6 August 2024)

Successful development of custom, circular HPA tablet

During the year, Alpha successfully developed the equipment design and manufacturing process for a custom, circular, sintered HPA tablet as a bespoke feedstock for the Ebner-Fametec sapphire furnaces.

The larger, approximately 1kg tablets have been successfully manufactured at the Stage 1 facility in Gladstone and sintered to an ultra-high density of 3.7 – 3.8 g/cm³. By providing a custom, high density feedstock, these tablets are expected to improve materials handling, crucible charging and increase the yield per sapphire crystal run.

Manufacture of these tablets will now be scaled up and tested in sapphire growth units at Ebner-Fametec in Austria to confirm quality and implied higher sapphire yield.

For personal use only

Review of Operations



Densified HPA disc tablets, customised for both Ebner-Fametec and Alpha Sapphire

Site selection for Phases B and C

Alpha has short listed a handful of properties as potentially suitable locations for the Alpha Sapphire expansions, being:

- **Phase B** (48 additional sapphire units) and
- **Phase C** (50 additional sapphire units).

Discussions with electricity distribution network providers are ongoing to ensure ability to supply total power connection requirements for both phases with formal enquiries in progress. Alpha continues to progress renewable electricity supply discussions with relevant electricity providers in Queensland.

The engineering team are progressing site layouts in parallel with site selection to ensure proper fit and operability which will include feed preparations, sapphire growing and sapphire boule mapping and processing within the facility.

Alpha Sapphire is a 100% owned Alpha subsidiary dedicated to the commercialisation of the growth, processing and sale of high value synthetic sapphire glass utilising Alpha's high purity alumina feedstock.

Synthetic sapphire glass is a critical, high-value input into LED lighting, and a range of high technology optical applications. Its use and demand profile are linked to the growth of key technologies including mini and micro-LED displays and power-semiconductors.

Review of Operations

CORPORATE ACTIVITIES

Expansion of IP Licensing Rights

In October 2023 the Company announced it had satisfied all of the conditions to expand and consolidate its Intellectual Property (IP) rights to the aluminium extraction and refining technology on which the HPA First Project process flow sheet has been developed.

Under the expanded License conditions:

- Alpha has secured the exclusivity of the process IP License for the production of all aluminium bearing products and;
- Alpha has secured the right to apply the IP globally (previously limited to Australian and North American production centres).

The original term of the Licence remains unchanged (20 years from 1 June 2018) with the ability to extend thereafter by 5 years at the Company's election.

In consideration for securing these expanded IP rights the Company completed the following cash and share based payments:

- \$2.0 million cash (plus GST), and
- \$1.0 million (plus GST) as fully paid ordinary shares at a price of \$1.1326 per share.

The Company is also obliged to continue paying the licensor an annual, CPI adjusted, licence fee of \$100,000 and a quarterly royalty equal to 2% of gross revenue prior to practical completion of the full-scale Gladstone plant and reducing to 1% thereafter.

Admittance to S&P ASX 300 Index

During the year the Company was admitted to the S&P ASX 300 index.

Board Changes

With its inclusion into the ASX300 and the substantial progress towards establishing significant production scale across the Company's HPA First Project and Alpha Sapphire businesses, the Company set a target to restructure the Board composition with a wider representation of more independent, non-executive Directors.

In November 2023 Justin Werner and Cameron Peacock retired as Directors of the Company, and shortly thereafter the Company was pleased to announce firstly the appointment of Annie Liu and then Marghanita Johnson as Independent, Non-Executive Directors.

Annie is a seasoned executive, having spent 20+ years in building and leading teams across stages from product incubation to rapid growth and scale-up in mature markets. Annie was the Executive Director at Ford (Model E) from 2022 to 2023. Prior to her role at Ford, Annie forged and managed Tesla's multi-billion-dollar strategic partnerships and sourcing portfolios that support Tesla's Energy and Battery business units including Battery, Battery Raw Material, Energy Storage, Solar and Solar Glass, including raw materials sourcing efforts such as lithium for battery cells.

Marghanita has been the Chief Executive Officer of the Australian Aluminium Council since 2019. She has over 25 years' experience in the Australian mining and manufacturing sectors, predominantly within the aluminium industry. Prior to joining the Council she led government engagement and advocacy on behalf of Rio Tinto's Pacific Aluminium assets and prior to that held key climate and sustainability roles at Rio Tinto.

Marghanita has Environmental Engineering and Chemistry degrees from the University of Western Australia. She is currently Chair of the Australian Industry Greenhouse Network and a director of the Energy Users Association of Australia.

Review of Operations

CFO Appointment

In October 2023 it was announced that Mr Craig Jones would be joining the Company as Chief Financial Officer (CFO).

Craig had been working closely with Alpha as advisor in respect of the Project Financing of the HPA First Project since April 2020 and has a strong working understanding of the Company and its business.

Craig has 25 years of experience in a wide variety of banking, corporate and financial advisory roles. He spent 18 years in various structured lending teams within leading commercial banks, including ANZ Bank where he worked for 12 years in Sydney, Singapore, Brisbane and London. Prior to joining Alpha for 5 years Craig had been a Director in KPMG's Corporate Finance team and responsible for arranging and structuring finance for projects in the energy and natural resources sectors, with a particular focus on critical minerals. Craig commenced in the role in January 2024, based in Alpha's Brisbane office.

Following the appointment of Craig as CFO, Peter Nightingale assumed the role as Finance Director.

R&D Claim

The Company lodged a material R&D claim during the period, which accesses the ATO's Temporary Full Expensing (TFE) rules as they relate to qualifying capital investment. The Company received a rebate under the claim of \$6.2 million in July 2024.

For personal use only

Review of Operations

SUSTAINABILITY INITIATIVES AND STRATEGY

Alpha has a strong commitment to environmental and social sustainability, which are deeply embedded in our core values. We also recognise the vital role of good management of ESG factors in enhancing operational efficiency, maintaining our long-term relevance and competitiveness in the market, as well as building thriving relationships with our stakeholders.

OUR ACHIEVEMENTS

Alpha has pioneered the adoption of green technologies and sustainable practices. Significant milestones include:

- **Breakthrough green technology:** Our pioneering adoption of a highly selective solvent extraction (SX) process to create ultra-high purity aluminium products has significantly reduced emissions and waste.
- **Managing Greenhouse Gas Emissions:** Our commitment to supply our production facilities with 100% renewable electricity sources reduces our cradle-to-gate carbon footprint by up to 70% per tonne of HPA production¹, compared to traditional methods,
- **Renewable electricity:** Since FY 2022, Alpha has been party to an agreement with an electricity supplier to ensure that 100% renewable electricity is supplied for the Stage 2 HPA First Project. The Company is committed to using emission reduction technology as appropriate in its projects.
- **Comprehensive ISO certifications:** Achieving ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certifications underscore our dedication to maintaining excellence in quality, environmental, and safety management.
- **Silver Medal in EcoVadis ratings²:** In July 2023, Alpha achieved a Silver Medal rating from EcoVadis, positioning us in the 91st percentile of companies evaluated by the agency. The EcoVadis rating follows an audit of Alpha's systems and operations across environment, labour and human rights, ethics and sustainable procurement. Our goal is to reach the top 1% and achieve a Gold/Platinum medal, and we are actively working towards this objective.
- **Local and ethical sourcing:** Alpha supports local and ethical businesses by sourcing from tier-one counterparts for the Stage 2 HPA First Project.
- **Product innovations supporting sustainable industries:** Alpha products, such as ultra-high purity alumina, are essential for industries including led lighting, synthetic sapphire, semiconductors, and lithium-ion batteries. These innovations contribute to safer, more efficient, and environmentally friendly sustainability-enabling technologies.
- **Diversity and inclusion:** the Company fosters a diverse and inclusive workplace, with a workforce that is 44% female, promoting an environment that enhances productivity, safety, and employee well-being.
- **Community engagement and investment:** Alpha's commitment is to become a valued part of the community through genuine engagement and contribution to sustainable development that contributes to a thriving community. In the FY2022 we developed our Stakeholder Engagement Plan for Alpha's HPA First Project. Since then, our team has been engaging with the various community groups in the Gladstone region, to remain aware of the needs and issues faced by key stakeholders, and to identify ways in which Alpha can have a positive impact on the community in which our key operations are located.

For personal use only

Review of Operations

- **Traditional Owner engagement:** In addition to our Indigenous Engagement Strategy, drafted in FY2022, we took significant steps in FY2024 by committing to several initiatives, including setting an Indigenous employment target. We aim for 3% Indigenous employment in our first year of operations, increasing to 6% by the third year. This growth will be supported through STEM (Science, Technology, Engineering and Math) initiatives, training, and scholarships for both technical and non-technical roles within the Project, to facilitate a pipeline of future indigenous employees.

CONTINUED PROGRESS

As we progress into FY 2025, our strategy is focused on maintaining and enhancing our leadership in sustainability. Our current initiatives (commenced in FY 2024) are driven by a double-materiality assessment, which identified and prioritised our key ESG topics according to their impact and financial materiality.

- **Strategic double materiality assessment:** This assessment was designed to identify and prioritise the environmental, social, and governance (ESG) topics that are most significant to the Company's business strategy and its stakeholders. This comprehensive assessment encompasses both financial materiality (e.g. impacts on Company value, revenue, access and cost of capital) and impact materiality.
- **Climate change mitigation, adaptation and resilience:** Alpha is updating our Climate and Emissions reduction strategy, developed in 20213. This update involves mapping all applicable carbon measurement methods and scopes across various operational levels—business, supply chain, facility, and per unit of product—to align with the evolving legislative and regulatory landscape, such as the mandatory climate-related disclosures within the upcoming Australian Sustainability Reporting Standards (ASRS), which are aligned with International Sustainability Standards Board Standards (ISSB) S1 and S2, (now replacing TCFD internationally). The outcome will include a newly developed carbon inventory for Alpha and an updated climate change strategy addressing all areas that have been defined as priorities for us, covering the four pillars as required by the mandatory and voluntary reporting frameworks:

| | |
|-------------------|---|
| Governance | <ul style="list-style-type: none"> ▪ Processes, controls, and procedures Alpha HPA uses to monitor and manage sustainability-related risks and opportunities, ensuring transparency in our oversight mechanisms. |
| Strategy | <ul style="list-style-type: none"> ▪ How Alpha HPA manages sustainability-related risks and opportunities, including the effects on its business model, strategy, and financial position, both currently and in the future. |
| Risk Management | <ul style="list-style-type: none"> ▪ How Alpha HPA identifies, assesses, prioritises, and monitors sustainability-related risks to ensure these are effectively managed and mitigated. |
| Metrics & Targets | <ul style="list-style-type: none"> ▪ the metrics and targets Alpha HPA uses to measure performance in relation to sustainability-related risks and opportunities, including progress towards any legally or self-imposed targets. Scenarios over near, medium on long term. |

This update will improve transparency in our methodologies for setting targets, including the eventual incorporation of Scope 3 emissions. This approach helps ensure that our climate initiatives remain robust and responsive to regulatory changes and stakeholder expectations.

Review of Operations

- **Modern Slavery:** Our Modern Slavery Policy was established at the start of FY24 and guides our approach to safeguarding against potential Modern Slavery risks associated within our operations. We are also undertaking various activities, including conducting a risk assessment of our supply chain, working to better integrate modern slavery-related clauses into supplier contracts and setting up both targeted and general training for our employees as appropriate. The detailed risk assessment of our supply chain will help to ensure comprehensive voluntary compliance with regulations and transparency. We are working to develop our first Modern Slavery Statement by the end of 2024.
- **First Nations and Cultural Heritage engagement:** to complement our already active Traditional Owner engagement, we are also working to finalise the Cultural Heritage Management Agreement in the context of the stage 2 of HPA First Project. We hold ourselves accountable to the principle of minimum disturbance to Traditional Owner Cultural Heritage and promote the respect for Traditional Owner culture, knowledge and connection to country.
- **Development of the first Sustainability Report:** Scheduled for release in late 2024, this report will detail our strategies and achievements in addressing the high-priority material sustainability topics identified in our materiality assessment. The Sustainability Report will serve as a key transparency, accountability, and communication channel for our sustainability commitments, efforts and progress to our stakeholders.
- **Development of the Sustainability Roadmap:** This Roadmap sets out strategic actions and timelines aimed at addressing the key challenges highlighted in the sustainability report. By setting clear objectives and measurable targets, this roadmap will guide our efforts in enhancing environmental stewardship, social responsibility, and governance practices across all levels of our operations and is designed to ensure our alignment with key sustainability reporting frameworks (such as GRI) and regulations (such as the ISSB-aligned Australian Sustainability Reporting Standards).

Alpha's approach to sustainability is both dynamic and disciplined, and we are working to ensure that we remain at the forefront of the industry while fostering an environment that respects and enhances the natural and social ecosystems in which we operate. Our actions today are not just compliance driven, we see that we are setting a course for a sustainable and prosperous future as we continue along our sustainability journey.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2024 Corporate Governance Statement is dated as at 30 August 2024 and reflects the corporate governance practises throughout the 2024 financial year. The 2024 Corporate Governance Statement was approved by the Board on 30 August 2024. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at <https://alphahpa.com.au/asx-compliance-information/>.

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Alpha HPA Limited (**Alpha or the Company**), and its controlled entities for the financial year ended 30 June 2024 and the Auditor's report thereon.

Directors

The names of the Directors in office at any time during or since the end of the financial year are:

| | | |
|--------------------|---|---|
| Norman Seckold | - | Chairman |
| Rimas Kairaitis | - | Managing Director |
| Peter Nightingale | - | Finance Director |
| Robert Williamson | - | Director and COO |
| Dr Regan Crooks | - | Non-Executive Director |
| Marghanita Johnson | - | Non-Executive Director (appointed 15 January 2024) |
| Annie Liu | - | Non-Executive Director (appointed 14 December 2023) |
| Cameron Peacock | - | Non-Executive Director (resigned 2 November 2023) |
| Anthony Sgro | - | Non-Executive Director |
| Justin Werner | - | Non-Executive Director (resigned 2 November 2023) |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The Company Secretary in office during the financial year was Richard Edwards.

Principal Activities

The Company's principal focus over the last 12 months has been advancing the commercialisation of its proprietary solvent extraction and refining technology to produce a range of high purity aluminium products for sale into the lithium-ion battery, LED battery and semi-conductor markets.

During the 12 months, significant changes in the nature of these activities were the successful commissioning of the Stage 1 HPA circuit at the Precursor Production Facility (PPF), the delivery of the Definitive Feasibility Study for Stage 2 of the HPA First Project, reaching a Final Investment Decision to commence construction and commercialisation of Stage 2 and securing both debt and equity project financing for Stage 2. Additionally, the Company completed the installation and commissioning of two sapphire crystal growth units within the PPF which are now producing crystal boules for qualification testing within the global sapphire market along with exploring additional downstream value additive wafering collaborations.

Financial Results

The loss of the Group for the financial year after providing for income tax amounted to \$24,981,041 (2023 - \$15,680,708 loss).

Review of Operations

A review of the Group's operations for the year ended 30 June 2024 is set out in the Review of Operations.

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2024. No dividends have been paid or declared during the financial year (2023 - \$nil).

Directors' Report

Environmental Regulations

The Group is subject to state, federal and international environmental legislation. The Group has complied with its environmental obligations and the Group has not received a notification for environmental breaches by any Government agency to the date of this Directors' Report, and the Directors do not anticipate any obstacles in complying with the legislation.

Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2024 were as follows:

- Delivery of the Definitive Feasibility Study (**DFS**) for Stage 2 of the HPA First Project (**Stage 2**), representing a comprehensive update to the initial Project DFS delivered in March 2020, with a materially improved financial case.
- Reaching a Final Investment Decision (**FID**) to commence construction and commercialisation of Stage 2.
- Securing Project financing for HPA First Project Stage 2 including credit approval of \$400 million of Government lending support from the Northern Australia Infrastructure Facility (**NAIF**) and Export Finance Australia (**EFA**) in addition to ~\$180 million in equity via completion of an institutional placement and share purchase plan.
- The commencement and acceleration of execution of Stage 2 including the establishment of an Integrated Owner's Team (**IOT**) and the issue of all long-lead equipment packages.
- Final deployment of the Federal Government's \$15.5M Critical Minerals Development Program (**CMDP**) to finalise the installation and commissioning of equipment for the Stage 1 HPA circuit which will expand the facility's production to cover the full suite of the Company's high purity aluminium product range.
- Ongoing expansion of product marketing and product development activities of the Company's suite of ultra-high purity precursor and alumina products.
- Implementation of the Company's collaboration with the Ebner-Fametec Group to accelerate the Company's staged entry into the downstream production of synthetic sapphire glass including securing funding support from the QIC Critical Minerals and Battery Technology Fund (**QCMBTF**) and several strategic shareholders.
- Successful installation and commissioning of two Ebner crystal growth units within the PPF which are now producing crystal boules for qualification testing within the global sapphire market along with exploring additional downstream value additive wafering collaborations.

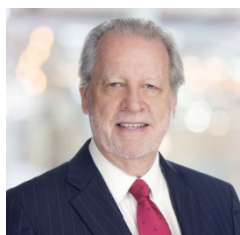
After Balance Date Events

In July 2024 the Company received a \$6.2M R&D Tax Incentive Rebate, which related to the 2022/2023 financial year.

Other than the matter outlined above, no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Report

Information on Directors



Norman Alfred Seckold **Chairman**

Director since 30 November 2009.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney and has spent more than 35 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L., which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico.

Mr Seckold is a member of the Nomination Committee.

Other current listed company directorships: Chairman of Nickel Industries Limited (Director since 2007) and Chairman of Sky Metals Limited (since 2001).

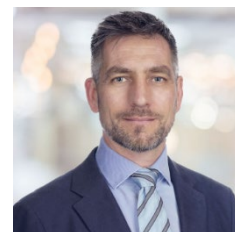
Former directorships in the last three years: Santana Minerals Ltd.

Interests in Company securities: 67,326,909 shares indirectly held as at the date of this report.

Rimas Kairaitis **Managing Director**

Director since 1 November 2017. Appointed as Managing Director on 23 August 2018.

Mr Kairaitis is a geologist with over 24 years' experience in minerals exploration and project development in gold, base metals and industrial minerals. In his previous role, Mr Kairaitis was founding Managing Director and CEO of Aurelia Metals (ASX: AMI), which he steered from a junior exploration company IPO to a profitable NSW based gold and base metals producer. Mr Kairaitis led the geological field teams to the discovery of the Tomingley and McPhillamy's gold deposits in NSW and steered the Hera gold-lead-zinc Project from discovery through to successful commissioning and commercial production.



Mr Kairaitis is a member of the Nomination Committee and the Risk and Sustainability Committee.

Other current listed company directorships: Sky Metals Limited (since 2019).

Former directorships in the last three years: None.

Interests in Company securities: 15,200,000 shares directly held and 660,000 shares indirectly held at the date of this report.

Directors' Report

Peter James Nightingale **Finance Director**

Director since 30 November 2009.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of Chartered Accountants Australia & New Zealand. He has worked as a chartered accountant in both Australia and the USA.



As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia and the USA including Bolnisi Gold N.L. and Nickel Industries Limited.

Other current listed company directorships: Prospech Limited (since 2014).

Former directorships in the last three years: Nickel Industries Limited.

Interests in Company securities: 6,920,455 shares directly held and 13,612,500 shares indirectly held at the date of this report.

Robert Williamson **Director and Chief Operating Officer**

Director since 1 May 2023.

Rob Williamson is a mechanical engineer and joined the Company in June 2020 having rebuilt and started up a new 155ktpa SX zinc refinery in the USA in the capacity of Vice President and GM of the facility. Rob brings 20 years of experience in large facility operations to Alpha. Rob is responsible for building a Project delivery team for our HPA project in Gladstone. Rob was appointed to the Company's Board in May 2023.



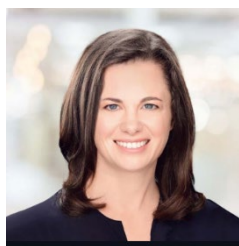
Rob is a member of the Risk and Sustainability Committee.

Other current listed company directorships: None.

Former directorships in the last three years: None.

Interests in Company securities: 1,331,036 directly held and 2,040,000 \$0.90 30 April 2025 unlisted options held directly at the date of this report.

Directors' Report



Dr Regan Crooks
Non-Executive Director

Director since 6 September 2022.

Regan is a Chemical Engineer who brings a wealth of experience in technology commercialisation and corporate strategy at a critical time in Alpha's development as a world class industrial chemical company.

Working in senior executive and consulting roles over the last 20 years, Regan has supported numerous multinationals, start-ups, research and venture capital groups to develop innovative products and to rapidly scale and enter global markets. As consulting CEO for private companies including Future Feed Pty Ltd and Growave Pty Ltd, Regan has been directly involved and responsible for securing numerous international licensing and collaboration partnerships and bringing new technologies to market.

Regan also has direct experience in the chemicals market having spent 7 years as R&D Manager at Solvay, a leading multinational chemical company, where she was a part of a senior management team developing and commercialising new products.

Regan is a member of the Audit, Remuneration and Risk and Sustainability Committees.

Other current listed company directorships: None.

Former listed directorships in the last three years: None.

Interests in Company securities: 3,000,000 \$0.90 31 August 2025 unlisted options held directly at the date of this report.



Marghanita Johnson
Non-Executive Director

Director since 15 January 2024

Marghanita has been the Chief Executive Officer of the Australian Aluminium Council since 2019. She has over 25 years' experience in the Australian mining and manufacturing sectors, predominantly within the aluminium industry.

Prior to joining the Council she led government engagement and advocacy on behalf of Rio Tinto's Pacific Aluminium assets and prior to that held key climate and sustainability roles at Rio Tinto. Marghanita has Environmental Engineering and Chemistry degrees from the University of Western Australia.

Marghanita is a member of the Audit and Risk and Sustainability Committees.

Other current listed company directorships: None.

Former listed directorships in the last three years: None.

Interests in Company securities: 240,000 performance rights held directly at the date of this report.

Directors' Report

Annie Liu Non-Executive Director

Director since 14 December 2023.

Annie is a seasoned executive, having spent 20+ years building and leading teams across stages from product incubation to rapid growth and scale-up in mature markets. Previously, Annie was the Executive Director at Ford, and prior to this, Annie forged and managed Tesla's multi-billion-dollar strategic partnerships and sourcing portfolios that support Tesla's Energy and Battery business units including Battery, Battery Raw Material, Energy Storage, Solar and Solar Glass, including raw materials sourcing efforts such as lithium for battery cells.



Annie is a member of the Remuneration Committee.

Other current listed company directorships: None.

Former directorships in the last three years: None.

Interests in Company securities: 240,000 performance rights held directly at the date of this report.



Anthony Sgro Non-Executive Director

Director since 1 November 2017.

Tony Sgro is a Chemical Engineer, graduating from University of Sydney. His studies included an emphasis on minerals chlorination, which focused on the application of chlorination techniques to the extractive metallurgy of various minerals including titanium, nickel, chromium and tungsten ores.

His early career was spent with an international engineering group, including an extended period managing operations in Indonesia.

In 1979, with two partners, Mr Sgro started Kelair Pumps which grew to be the largest privately owned pumping equipment supply company in Australia. The company was sold to an international group in 2004 but Mr Sgro remained with the company as General Manager until his retirement in 2015. In a career spanning 45 years, Mr Sgro was deeply involved in the technical and commercial aspects of supply of specialised equipment to the major process industries including oil and gas, petrochemical, chemical and mining industries, including equipment specification, material selection, commercial and technical aspects of large tenders, contract negotiation and contract management.

Mr Sgro serves as Chair of the Nomination and Remuneration Committees and is a member of the Audit Committee.

Other current listed company directorships: None.

Former directorships in the last three years: None.

Interests in Company securities: 5,345,455 shares directly held and 155,297 shares indirectly held at the date of this report.

Directors' Report



Justin Charles Werner
Non-Executive Director

Director from 23 December 2010 to 2 November 2023. Managing Director from 8 August 2014 to 23 August 2018.

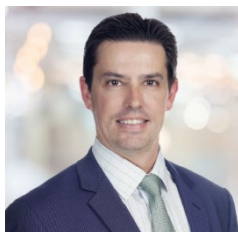
Justin Werner, who has a Bachelor of Management from the University of Sydney, has been involved in the mining industry for more than 10 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and discovered the highly prospective Romang Island in Indonesia which was acquired by Padiham resources from Robust Resources Limited in November 2014.

Prior to focusing on developing projects in Indonesia, he worked as a consultant for specialist mining consultancies GPR Dehler, Jamieson Consulting and Partners in Performance, leading many successful turnaround projects for blue chip mining companies including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia).

Other current listed company directorships: Non- Executive Director of Far East Gold Limited (since 2020) and Managing Director of Nickel Industries Limited (since 2012).

Former directorships in the last three years: None.

Interests in Company securities: 2,045,455 shares directly held shares and 13,816,835 shares indirectly held at the date of his resignation.



Cameron Peacock
Non-Executive Director

Director from 3 February 2021 to 2 November 2023.

Cameron Peacock holds a Bachelor of Commerce Degree from the University of Western Australia, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia and a Masters of Applied Finance from the University of Melbourne. Mr Peacock has more than 20 years' experience in numerous finance focused roles across banking, private equity and equity capital markets. In his more recent roles as an Investor Relations and Business Development executive across several resource companies, he has been deeply involved in the preparation and execution of numerous large scale primary and secondary capital market transactions. He has an established network across the global resources and generalist investment funds and a well-established track record in assisting companies build and manage their institutional and retail investor bases.

Other current listed company directorships: None.

Former directorships in the last three years: None.

Interests in Company securities: 8,000,000 shares indirectly held at the date of his resignation.

Directors' Report

Company Secretary

The Company Secretary, Richard Edwards, was appointed on 3 September 2012.



Richard Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA. Mr Edwards has worked for over fifteen years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia. He is also Company Secretary of ASX listed Nickel Industries Limited and Prospech Limited.

Meetings of Directors

| Directors | Directors' Meetings | | Audit Committee Meetings | | Nomination Committee Meetings | |
|---------------------------------|-----------------------|----------|--------------------------|----------|-------------------------------|----------|
| | Nº eligible to attend | Attended | Nº eligible to attend | Attended | Nº eligible to attend | Attended |
| Norman Seckold | 12 | 12 | - | - | 1 | 1 |
| Rimas Kairaitis | 12 | 12 | - | - | 1 | 1 |
| Peter Nightingale | 12 | 12 | - | - | - | - |
| Robert Williamson | 12 | 12 | - | - | - | - |
| Regan Crooks | 12 | 11 | 6 | 6 | - | - |
| Marghanita Johnson ³ | 7 | 7 | 6 | 5 | - | - |
| Annie Liu ² | 7 | 7 | - | - | - | - |
| Cameron Peacock ¹ | 4 | 4 | 1 | 1 | - | - |
| Anthony Sgro | 12 | 11 | 7 | 7 | 1 | 1 |
| Justin Werner ¹ | 4 | 3 | 1 | 1 | - | - |

¹ Resigned as a director on 2 November 2023

² Appointed as a director on 14 December 2023

³ Appointed as a director on 15 January 2024

| Directors | Remuneration Committee Meetings | | Risk and Sustainability Committee Meetings | |
|---------------------------------|---------------------------------|-----------------------|--|-----------------------|
| | Nº eligible to attend | Nº eligible to attend | Attended | Nº eligible to attend |
| Norman Seckold | - | - | - | - |
| Rimas Kairaitis | - | - | 1 | 1 |
| Peter Nightingale | - | - | - | - |
| Robert Williamson | - | - | 1 | 1 |
| Regan Crooks | 3 | 3 | 1 | 1 |
| Marghanita Johnson ³ | - | - | 1 | 1 |
| Annie Liu ² | 2 | 2 | - | - |
| Cameron Peacock ¹ | 1 | 1 | - | - |
| Anthony Sgro | 3 | 2 | - | - |
| Justin Werner ¹ | - | - | - | - |

¹ Resigned as a director on 2 November 2023

² Appointed as a director on 14 December 2023

³ Appointed as a director on 15 January 2024

For personal use only

Directors' Report

Directors' Interests

The following table provides the total ordinary shares held by each Director as at the date of this report:

| | Directly held | Indirectly held |
|--------------------|-------------------|-------------------|
| Norman Seckold | - | 67,326,909 |
| Rimas Kairaitis | 15,200,000 | 660,000 |
| Peter Nightingale | 6,920,455 | 13,612,500 |
| Robert Williamson | 1,331,036 | - |
| Regan Crooks | - | - |
| Marghanita Johnson | - | - |
| Annie Liu | - | - |
| Anthony Sgro | 5,345,455 | 155,297 |
| Total | 28,769,946 | 81,754,706 |

The following table provides the total options and performance rights held by each Director as at the date of this report:

| | Options | | Performance Rights | |
|--------------------|------------------|-----------------|--------------------|-----------------|
| | Directly held | Indirectly held | Directly held | Indirectly held |
| Norman Seckold | - | - | - | - |
| Rimas Kairaitis | - | - | - | - |
| Peter Nightingale | - | - | - | - |
| Robert Williamson | 2,040,000 | - | - | - |
| Regan Crooks | 3,000,000 | - | - | - |
| Marghanita Johnson | - | - | 240,000 | - |
| Annie Liu | - | - | 240,000 | - |
| Anthony Sgro | - | - | - | - |
| Total | 5,040,000 | - | 480,000 | - |

Unissued Shares Under Option

At the date of this report, unissued ordinary shares of the Company under option are:

| Number of options | Exercise price | Expiry date |
|-------------------|----------------|----------------|
| 8,800,000 | \$0.90 | 30 April 2025 |
| 3,000,000 | \$0.90 | 31 August 2025 |

Directors' Report

Shares Issued on Exercise of Options

During or since the end of the financial year, the Group issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

| Number of Shares | Amount paid on each share |
|------------------|---------------------------|
| 10,428,571 | \$0.35 |

In addition, a further 9,798,701 shares were issued in July 2023 following share based payment modifications through the cashless conversion of options. The number of shares issued under a cashless conversion of options is equal in value to the difference between the exercise price payable in relation to the options and the market value of the Company shares on closing the day prior to the notice of exercise being lodged.

Performance Rights on issue

At the date of this report, performance rights of the Company on issue are:

| Number of Rights | Basis | Vesting |
|------------------|-------------------|---|
| 5,400,000 | Service based | 1/3 December 2024, 1/3 December 2025, 1/3 December 2026 |
| 180,000 | Performance based | Subject to share price performance |

Indemnification of Officers and Auditor

During or since the end of the financial year, the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Likely Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Directors' Report

Non-audit Services

During the year ended 30 June 2024 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

| | 2024 \$ | 2023 \$ |
|--|----------------|----------------|
| Auditors of the Company - KPMG: | | |
| Audit of annual and review of interim financial reports - KPMG | 251,000 | 101,521 |
| R&D incentive claim services | 74,718 | 38,143 |
| Remuneration advisory services | 26,765 | - |
| Debt advisory services | 444,458 | 197,112 |
| Other services fees | 36,332 | 22,266 |
| | <u>833,272</u> | <u>359,042</u> |

The Directors are satisfied that the provision of non-audit services, during the 2024 year, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*.

The Directors are of the opinion that these services, do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

The lead auditor's independence declaration is set out on page 44 as required under section 307C of the *Corporations Act 2001 (Cth)*.

Directors' Report

Business Risk Disclosures

| Risk | Description | Mitigant |
|--|---|--|
| Environmental, social and governance risk | <p>Stakeholders require proactive environmental, social and governance (ESG) management. Failure to consider and adequately implement effective ESG measures and provide adequate disclosures may result in reduced investments, delays in approvals, regulatory intervention, community action, increased operating and insurance costs, damaged reputation and impacts to talent attraction and retention.</p> | <p>The Company's operations continue to grow and the Company has put in place ESG policies and procedures that are appropriate for an entity of its size and scale.</p> <p>The Company works to conduct its activities (including operating entities within its control) in an environmentally responsible manner, in accordance with applicable laws and regulations.</p> <p>The Company maintains strong community relations to ensure that the local stakeholders are supportive of the Company's operations.</p> |
| Management and key personnel risk | <p>The Company's business and future success depends heavily on the continued services of a small group of executive management and other key personnel. If one or more of the Company's management or key personnel were unable to (or unwilling to) continue in their present positions, the Company might not be able to replace them easily or at all.</p> <p>As a result, the Company's business may be severely disrupted, materially adversely affecting its financial condition and operational results. The Company may also incur additional expenses to recruit, train and retain new or existing personnel.</p> | <p>To mitigate, the Company continues to increase the number of its technical and management workforce.</p> <p>The Company also seeks to mitigate the risk of attrition of key personnel by offering attractive remuneration packages and has put in place both an Option Incentive Plan and a Performance Rights Plan.</p> <p>The Company is developing succession strategies for key positions and has adopted change management procedures and systems to reflect organisational changes (system, processes and people) that may occur.</p> |
| Climate risk | <p>Climate change may cause certain physical and environmental risks that cannot be reasonably predicted by the Company. These risks include events such as increased severity of weather patterns and incidence of extreme weather events such as cyclones.</p> <p>Further, changes in laws and policies, including in relation to carbon pricing, greenhouse gas emissions and energy efficiency, may adversely impact operations.</p> | <p>For a discussion on the Company's current strategy to mitigate these risks, please refer to the Sustainability Initiatives and Strategy section' of this report.</p> |
| Cyber risk | <p>The Company and its Group Entities rely on IT infrastructure and systems. The Company's IT infrastructure, systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or</p> | <p>The Company engages a reputable third-party IT firm to manage its IT infrastructure and cyber-security.</p> <p>Employees undertake compulsory cyber awareness training, including how to identify phishing emails and how to keep data safe, and are</p> |

For personal use only

Directors' Report

| | | |
|--|---|--|
| | telecommunication provider's failure or human error. Interruptions would impact the Company's ability to operate and could result in business interruption, loss of customers and revenue and damaged reputation. | subject to a regular program of testing. |
| Competition | <p>The Company participates in the developing ultra-high purity aluminum market using its proprietary solvent extraction and refining technology.</p> <p>While the Company is of the view that there are currently no identified technologies which directly compete with its proprietary process there are a range of other technologies currently available and in development which offer potential alternatives, in some of the products the Company produces, e.g. High Purity Alumina from hydrochloric acid digestion of kaolin clay.</p> <p>It is conceivable that in the future the market may be entered by globally focused competitors with significantly more access to capital and resources. Should any of the Company's competitors participate more aggressively on price, product, innovation or other means this could have a material adverse impact on the Company's business.</p> <p>The synthetic sapphire market is currently dominated by low-cost production based in China and Russia. Although Alpha believes it has access to sapphire growth technology which offsets cost advantages from low-cost jurisdictions, it is conceivable that established production may operate at a temporary loss to deter new competition or develop new and competitive technology</p> | <p>To mitigate, the Company expanded and consolidated its process IP rights to the aluminium extraction and refining technology (refer to ASX announcement dated 26 July 2023).</p> <p>The Company maintains a comprehensive array of document and procedure based protections of its proprietary process.</p> <p>The Company intends to continue to invest in R&D to maintain its competitive lead.</p> <p>On the synthetic growth business, Alpha co-operates with its technology supplier to help protect its technology advantage.</p> |
| Technological developments / disruption | The Company has developed a novel technology with limited operating history. There is no guarantee that the Company will successfully commission its full scale Stage 2 HPA First Project, and there is uncertainty surrounding the rate of growth and prospects for the Company. | The Company has now successfully built, commissioned and is operating the process technology at small commercial scale within the Stage 1 PPF. This represents not only a scale-up de-risk of the process flows, but has also established a higher degree of operational skills and know how across the business engineering and operational staff. |
| End Product Pricing | The Company generates revenue primarily from the sale of HPA, aluminium salts and other high purity | The Company has engaged in, and continues to engage in, a detailed, technically led market outreach and |

For personal use only

Directors' Report

| | | |
|--|---|--|
| | <p>aluminium materials. The price of the inputs used to produce our products, as well as the products sold by the Company, are determined by technically qualified business-to-business contract negotiation, which are opaque and end-user specific.</p> | <p>product qualification process. The Company has access to a wider network of industry intermediaries and sales agents as well as independent market consultants which aggregate to provide the Company with a well-informed view of pricing within key-end user markets</p> |
| Liquidity and access to capital | <p>Although the Company believes that it will have sufficient capital to develop and commission the Stage 2 and meet its business objectives, there can be no assurance that these objectives can be met without further financing or, if further financing is necessary, that financing can be obtained on favourable terms or at all.</p> | <p>The Company actively monitors and manages its liquidity position through cash flow forecasting to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when they are due, under both normal and stressed conditions.</p> |
| Intellectual Property | <p>The Company's ability to leverage its innovations and know-how is contingent on its capacity to protect its intellectual property and associated improvements and developments.</p> <p>The Company may be required to incur significant expenses in establishing, protecting, and monitoring its intellectual property rights, including by engaging in litigation to enforce or vindicate its rights.</p> <p>Unauthorised use of the Company's intellectual property by third parties, including potential or actual competitors of the Company, may have adverse effect on the Company.</p> | <p>To mitigate, the Company expanded and consolidated its process IP rights to the aluminium extraction and refining technology (refer to ASX announcement dated 26 July 2023).</p> <p>In addition, the Company has implemented policies, procedures and practices to protect its intellectual property.</p> |
| Materials handling | <p>The Company's business involves the controlled use of chemicals and is therefore subject to environmental and health and safety laws and regulations.</p> <p>There is a risk that the Company will not comply with these laws and regulations, or, despite its compliance, will nonetheless be exposed to industrial incidents relating to potentially hazardous materials. Such incidents may result in liability for contamination, compensation to individuals exposed to harm and remediation for damage caused. The Company may also be liable for fines imposed under applicable laws and regulations.</p> | <p>The Company has implemented a variety of employee training programs on handling hazardous materials and risk management.</p> <p>Further, the Company maintains policy and procedural documentation designed to comply with health and safety laws and regulations.</p> |

For personal use only

Directors' Report

Remuneration Report - (Audited)

Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors and the CFO of the Company. Key management personnel remuneration levels are determined by the remuneration committee, based on the nature of the role, market rates and the skills and experience of the key management personnel and then ratified by the Board of Directors. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments. Longer term incentives are able to be provided through the Group's Incentive Option Plan which acts to align the Directors and senior executives' actions with the interests of the shareholders. The terms and conditions of share options offered or granted by the Group are determined by the Board in its sole and absolute discretion. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements. No Directors or senior executives received performance related remuneration in the year ended 30 June 2024.

Remuneration consultants were not used by the Group during the year ended 30 June 2024 to make remuneration recommendations in relation to key management personnel. No remuneration consultants were used in the prior year.

Consultancy Agreements with key management personnel

The Company has entered into an executive consultancy agreement with a company associated with Norman Seckold. Under this executive consultancy agreement, the consultancy company of Mr Seckold agrees to make Mr Seckold available to perform the duties and responsibilities of the position of Executive Chairman. During the year the consultancy company received a fee of \$13,333 per month, equating to \$160,000 per annum.

The Company has entered into an executive consultancy agreement with a company associated with Rimas Kairaitis. Under this executive consultancy agreement, the consultancy company of Mr Kairaitis agrees to make Mr Kairaitis available to perform the duties and responsibilities of the position of Managing Director. During the year the consultancy company received a fee of \$2,500 per day.

The Company has entered into an executive consultancy agreement with a company associated with Peter Nightingale. Under this executive consultancy agreement, the consultancy company of Mr Nightingale agrees to make Mr Nightingale available to perform the duties and responsibilities of the position of Finance Director. During the year the consultancy company received a fee of \$25,000 per month, equating to \$300,000 per annum.

Each of the Company's Non-Executive Directors have entered into Letters of Appointment with the Company to serve as Non-Executive Directors. During the year, each of the Non-Executive Directors Cameron Peacock, Regan Crooks, Marghanita Johnson, Annie Liu, Tony Sgro, Justin Werner received a fee of \$7,083 per month, equating to \$85,000 per annum.

Robert Williamson is employed by the Company under an employment contract. His annual fixed remuneration is \$445,255 per annum including superannuation contributions. Under the terms of his contract the Company may at any time pay, following consideration of key performance indicators for both employee and the Company, pay a performance based bonus not exceeding 25% of the fixed remuneration. Under the contract if terminating the employment without notice the Company must give one month's written notice and make payment of six months' salary, three months written notice if the employee becomes incapacitated and unable to perform his duties or one month notice in the case of serious or persistent breaches of the contract. Mr Williamson may terminate the employment by giving two months written notice to the Company.

For personal use only

Directors' Report

Remuneration Report - (Audited) (Cont.)

Consultancy Agreements with key management personnel (Con't)

Craig Jones is employed by the Company under an employment Contract. His annual fixed remuneration is \$344,100 per annum including superannuation contributions. Under the terms of his contract the Company may at any time pay, following consideration of key performance indicators of both employee and the Company, a performance based bonus not exceeding 25% of the fixed remuneration. The Company may terminate the employment by giving 3 months written notice, except where employment is terminated for reasons of serious misconduct. Mr Jones may terminate the agreement by giving three months written notice.

Details of Remuneration for the Year Ended 30 June 2024 - (Audited)

Details of Director and senior executive remuneration and the nature and amount of each major element of the remuneration of each Director of the Company, and other key management personnel are set out below:

| Key management personnel | Year | Short term | Post-employment | Annual Leave | Termination benefit | Share based payments | Total | Proportion of remuneration performance related % | Value of options / rights as a % of remuneration |
|----------------------------|------|-----------------------|-----------------------|--------------|---------------------|--------------------------|---------|--|--|
| | | Salary and fees \$ | Super-annuation \$ | | | Options/ Rights \$ | | | |
| <i>Executive Directors</i> | | | | | | | | | |
| Norman Seckold | 2024 | 160,000 | - | - | - | - | 160,000 | - | - |
| | 2023 | 148,000 | - | - | - | - | 148,000 | - | - |
| Rimas Kairaitis | 2024 | 576,400 | - | - | - | - | 576,400 | - | - |
| | 2023 | 512,600 | - | - | - | 33,888 | 546,488 | - | 6.20 |
| Peter Nightingale | 2024 | 300,000 | - | - | - | - | 300,000 | - | - |
| | 2023 | 265,000 | - | - | - | 10,166 | 275,166 | - | 3.69 |
| Robert Williamson | 2024 | 401,131 | 44,124 | 16,970 | - | 77,239 | 539,464 | - | 14.32 |
| | 2023 | 414,772 | 38,301 | 30,572 | - | 252,948 | 736,593 | - | 34.34 |

Directors' Report

Details of Remuneration for the Year Ended 30 June 2024 - (Audited) (Con't)

| <i>Non-Executive Directors</i> | | | | | | | | | |
|---------------------------------------|-------------|------------------|---------------|---------------|---|----------------|------------------|---|--------------|
| Dr Regan Crooks | 2024 | 85,000 | - | - | - | 206,804 | 291,804 | - | 70.87 |
| | 2023 | 69,653 | - | - | - | 556,993 | 626,646 | - | 88.88 |
| Marghanita Johnson³ | 2024 | 39,073 | - | - | - | 43,554 | 82,627 | - | 52.71 |
| | 2023 | - | - | - | - | - | - | - | - |
| Annie Liu² | 2024 | 46,278 | - | - | - | 43,554 | 89,832 | - | 48.48 |
| | 2023 | - | - | - | - | - | - | - | - |
| Cameron Peacock¹ | 2024 | 28,333 | - | - | - | - | 28,333 | - | - |
| | 2023 | 77,500 | - | - | - | 3,362 | 80,862 | - | 4.16 |
| Anthony Sgro | 2024 | 85,000 | - | - | - | - | 85,000 | - | - |
| | 2023 | 77,500 | - | - | - | 10,166 | 87,666 | - | 11.60 |
| Justin Werner¹ | 2024 | 28,333 | - | - | - | - | 28,333 | - | - |
| | 2023 | 77,500 | - | - | - | 10,166 | 87,666 | - | 11.60 |
| <i>Management</i> | | | | | | | | | |
| Craig Jones⁴ | 2024 | 150,628 | 16,569 | 11,586 | - | 41,151 | 219,935 | - | 18.71 |
| | 2023 | - | - | - | - | - | - | - | - |
| Total | 2024 | 1,900,177 | 60,693 | 28,556 | - | 412,302 | 2,401,728 | - | 17.17 |
| | 2023 | 1,642,525 | 38,301 | 30,572 | - | 877,689 | 2,589,087 | - | 33.90 |

¹ Resigned as a director on 2 November 2023

² Appointed as a director on 14 December 2023

³ Appointed as a director on 15 January 2024

⁴ Appointed as CFO on 8 January 2024

Other than share based payments outlined above, no bonuses were paid during the financial year and no performance based components of remuneration exist.

Consequences of Performance on Shareholder Wealth - (Audited)

In considering the Group's performance and benefits for shareholder wealth, the Board of Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|--------------|--------------|-------------|--------------|-------------|
| Loss attributable to owners of the Company | \$24,981,041 | \$15,680,708 | \$7,359,124 | \$16,274,742 | \$9,345,494 |
| Dividends paid | Nil | Nil | Nil | Nil | Nil |
| Change in share price | (\$0.285) | \$0.595 | (\$0.140) | \$0.380 | \$0.060 |
| Return on capital employed ⁽¹⁾ | (10%) | (28%) | (15%) | (32%) | (90%) |

(1) Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

The overall level of key management personnel's compensation is assessed on the basis of market conditions, status of the Group's projects, and financial performance of the Company.

Directors' Report

Remuneration Report - (Audited) (Cont.)

Movement in Shares - (Audited)

No shares were granted to key management personnel during the reporting period as compensation in 2024 or 2023. The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| Key management personnel | Held at 1 July 2023 | Purchases | Option Conversion | Sales | Held at 30 June 2024 |
|---------------------------------|---------------------|-----------|-------------------|-----------|----------------------|
| Norman Seckold | 67,291,194 | 35,715 | - | - | 67,326,909 |
| Rimas Kairaitis | 9,860,000 | - | 6,000,000 | - | 15,860,000 |
| Peter Nightingale | 18,487,500 | - | 2,045,455 | - | 20,532,955 |
| Robert Williamson | 103,763 | - | 1,227,273 | - | 1,331,036 |
| Regan Crooks | - | - | - | - | - |
| Marghanita Johnson ³ | - | - | - | - | - |
| Annie Liu ² | - | - | - | - | - |
| Cameron Peacock ¹ | 6,500,000 | - | 1,500,000 | - | 8,000,000 |
| Anthony Sgro | 3,905,297 | - | 2,045,455 | (450,000) | 5,500,752 |
| Justin Werner ¹ | 13,816,835 | - | 2,045,455 | - | 15,862,290 |
| Craig Jones ⁴ | - | - | - | - | - |

¹ Number held when resigned as a director on 2 November 2023

² Number held when appointed as a director on 14 December 2023

³ Number held when appointed as a director on 15 January 2024

⁴ Number held when appointed as CFO on 8 January 2024

| Key management personnel | Held at 1 July 2022 | Option Conversion | Sales | Held at 30 June 2023 |
|--------------------------|---------------------|-------------------|-----------|----------------------|
| Norman Seckold | 67,291,194 | - | - | 67,291,194 |
| Rimas Kairaitis | 7,160,000 | 2,700,000 | - | 9,860,000 |
| Peter Nightingale | 16,612,500 | 1,875,000 | - | 18,487,500 |
| Robert Williamson | 92,288 | 511,475 | (500,000) | 103,763 |
| Regan Crooks | - | - | - | - |
| Cameron Peacock | 5,600,000 | 900,000 | - | 6,500,000 |
| Anthony Sgro | 3,155,297 | 750,000 | - | 3,905,297 |
| Justin Werner | 12,316,835 | 1,500,000 | - | 13,816,835 |

Option conversion includes shares issued for cash consideration as well as cashless conversions where the number of shares issued is based on the fair value of the options exercised. Cashless conversions result in no additional expense arising for the Company.

In July 2023, the Company issued 6,428,571 shares to key management personnel at \$0.35 each for cash totalling \$2,250,000, following the exercise of 6,428,571 \$0.35 options.

Additionally, the Company issued 8,435,065 shares to key management personnel at \$1.10 each as a cashless conversion of 12,228,571 \$0.35 options.

For personal use only

Directors' Report

Remuneration Report - (Audited) (Cont.)

Movement in Options - (Audited)

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

| | Held at 1 July 2023 | Exercised / Sold | Held at 30 June 2024 | Vested and exercisable at 30 June 2024 |
|---------------------------------|------------------------|---------------------|-------------------------|--|
| Rimas Kairaitis ⁵ | 10,000,000 | (10,000,000) | - | - |
| Peter Nightingale | 3,000,000 | (3,000,000) | - | - |
| Robert Williamson | 3,840,000 | (1,800,000) | 2,040,000 | 2,040,000 |
| Dr Regan Crooks | 3,000,000 | - | 3,000,000 | 2,000,000 |
| Marghanita Johnson ³ | - | - | - | - |
| Annie Liu ² | - | - | - | - |
| Cameron Peacock ¹ | 2,000,000 | (2,000,000) | - | - |
| Anthony Sgro | 3,000,000 | (3,000,000) | - | - |
| Justin Werner ¹ | 3,000,000 | (3,000,000) | - | - |
| Craig Jones ⁴ | - | - | - | - |

¹ Number held when resigned as a director on 2 November 2023

² Number held when appointed as a director on 14 December 2023

³ Number held when appointed as a director on 15 January 2024

⁴ Number held when appointed as CFO on 8 January 2024

⁵ 4,000,000 options sold prior to exercise

| | Held at 1 July 2022 | Granted | Exercised | Held at 30 June 2023 | Vested and exercisable at 30 June 2023 |
|-------------------|------------------------|-----------|--------------|-------------------------|--|
| Rimas Kairaitis | 20,000,000 | - | (10,000,000) | 10,000,000 | 10,000,000 |
| Peter Nightingale | 6,000,000 | - | (3,000,000) | 3,000,000 | 3,000,000 |
| Robert Williamson | 5,040,000 | - | (1,200,000) | 3,840,000 | 3,160,000 |
| Dr Regan Crooks | - | 3,000,000 | - | 3,000,000 | 1,000,000 |
| Cameron Peacock | 4,000,000 | - | (2,000,000) | 2,000,000 | 2,000,000 |
| Anthony Sgro | 6,000,000 | - | (3,000,000) | 3,000,000 | 3,000,000 |
| Justin Werner | 6,000,000 | - | (3,000,000) | 3,000,000 | 3,000,000 |

Options granted as compensation - (Audited)

No options were granted to key management personnel as compensation during the 2024 financial year.

For personal use only

Directors' Report

Remuneration Report - (Audited) (Cont.)

Performance Rights granted as compensation - (Audited)

The movement during the reporting period in the number of performance rights in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

| Key management personnel | Held at 1 July 2023 | Granted | Held at 30 June 2024 |
|---------------------------------|---------------------|---------|----------------------|
| Norman Seckold | - | - | - |
| Rimas Kairaitis | - | - | - |
| Peter Nightingale | - | - | - |
| Robert Williamson | - | - | - |
| Regan Crooks | - | - | - |
| Marghanita Johnson ³ | - | 240,000 | 240,000 |
| Annie Liu ² | - | 240,000 | 240,000 |
| Cameron Peacock ¹ | - | - | - |
| Anthony Sgro | - | - | - |
| Justin Werner ¹ | - | - | - |
| Craig Jones ⁴ | - | 360,000 | 360,000 |

¹ Number held when resigned as a director on 2 November 2023

² Number held when appointed as a director on 14 December 2023

³ Number held when appointed as a director on 15 January 2024

⁴ Number held when appointed as CFO on 8 January 2024

The Company issued 360,000 performance rights to CFO Craig Jones. 180,000 were service based performance rights and 180,000 were performance based. The fair value of the service based rights was the Company's closing share price of \$0.86 on the grant date. One third of the rights vest on 14 December 2024, 1/3 vest on 14 December 2025 and 1/3 vest on 14 December 2026. There are no performance conditions attached to the rights, subject to him remaining in the employ of the Company. The 180,000 performance rights with market conditions were valued using a Monte-carlo simulation model. Their vesting depends on the Company's VWAP at completion of the performance period on 14 December 2026, with nil vesting if the Company's share price is below \$1.30 and up to 100% vesting if the share price is \$1.90 or higher. The fair value was determined to be \$0.47 per performance right with market conditions. Measurement inputs included the share price at grant date, the expected time to vesting, risk free rate, dividend yield and volatility.

Following shareholder approval at an Extraordinary General Meeting held on 24 June 2024 the Company issued 240,000 service based rights each to Non-Executive Directors Marghanita Johnson and Annie Liu. The fair value of the service based rights was the Company's closing share price of \$0.86 on the date the Company announced its intention to seek shareholder approval for the issuance. One third of the rights vest on 14 December 2024, 1/3 vest on 14 December 2025 and 1/3 vest on 14 December 2026. There are no performance conditions attached to the rights, subject to both directors remaining in the role of Director of the Company.

Modification of terms of equity-settled share-based payment transactions - (Audited)

No terms of equity-settled share-based payment transactions (including options or performance rights granted as compensation to a key management person) have been altered or modified by the Company during the 2024 financial year.

Loans to key management personal and their related parties - (Audited)

There were no loans made to key management personnel or their related parties during the 2024 and 2023 financial years and no amounts were outstanding at 30 June 2024 (2023 - \$nil).

Directors' Report

Remuneration Report - (Audited) (Cont.)

Analysis of options and rights over equity instruments granted as compensation – (Audited)

All options refer to options over ordinary shares of Alpha HPA Limited, which are exercisable on a one-for-one basis.

| Director | Options granted | | % vested at year end | % vested during the year | % forfeited at year end | Financial year in which grant vests |
|-------------------|-----------------|------------------|----------------------|--------------------------|-------------------------|-------------------------------------|
| | Number | Date | | | | |
| Robert Williamson | 2,040,000 | 6 May 2022 | 100.0% | 33.33% | - | 1/3 in years 2022, 2023 and 2024 |
| Dr Regan Crooks | 3,000,000 | 23 November 2022 | 66.67% | 33.33% | - | 1/3 in years 2023, 2024 and 2025 |

| Director/KMP | Number | Type | % vested at year end | % vested during the year | % forfeited at year end | Financial year in which grant vests |
|--------------------|---------|-------------------|----------------------|--------------------------|-------------------------|--|
| Marghanita Johnson | 240,000 | Service based | 0.0% | 0.0% | - | 1/3 in years 2025, 2026 and 2027 |
| Craig Jones | 180,000 | Service based | 0.0% | 0.0% | - | 1/3 in years 2025, 2026 and 2027 14 December 2026 |
| | 180,000 | Performance based | 0.0% | 0.0% | - | |
| Annie Liu | 240,000 | Service based | 0.0% | 0.0% | - | 1/3 in years 2025, 2026 and 2027 |

Other transactions with key management personnel - (Audited)

These key management personnel related entities transacted with the Group during the year as follows:

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited (**MIS**), which provided full administrative services, including administrative, accounting and investor relations staff, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS during the year amounted to \$325,000 (2023 - \$388,000) which includes a monthly fee of \$25,000 and reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 30 June 2024, \$nil (2023 - \$37,500) was outstanding.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

Signed at Sydney this 30th day of August 2024 in accordance with a resolution of the Board of Directors.



Rimas Kairaitis
Managing Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Alpha HPA Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Alpha HPA Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Stephen Board
Partner

Brisbane
30 August 2024

Alpha HPA Limited
and its controlled entities

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024**

| | Notes | Consolidated | |
|---|-------|---------------------|--------------|
| | | 2024 \$ | 2023 \$ |
| Continuing operations | | | |
| Sales revenue | | 44,055 | 16,148 |
| Other income | 5 | 6,495,420 | 1,606,414 |
| Unrealised loss on investments | 13 | (3,063,188) | (25,142) |
| Administration and consultant expenses | | (14,571,230) | (8,438,599) |
| Audit, legal and other professional fees | 7 | (1,086,246) | (208,149) |
| Depreciation & amortisation expenses | 7 | (1,959,354) | (986,668) |
| Directors' and company secretarial fees | | (1,079,271) | (902,819) |
| Share based payments | 17 | (1,442,848) | (1,477,377) |
| Research and development expenses | | (249,403) | (869,280) |
| Marketing and market outreach costs | | (427,853) | (1,157,649) |
| Project operational expenses | | (9,021,247) | (3,665,315) |
| Operating loss before financing income | | (26,361,165) | (16,108,436) |
| Finance income | 6 | 1,632,322 | 477,983 |
| Finance expense | 6 | (252,199) | (50,255) |
| Net financing income | | 1,380,123 | 427,728 |
| Loss before income tax expense | | (24,981,041) | (15,680,708) |
| Income tax expense | 8 | - | - |
| Loss after income tax expense | | (24,981,041) | (15,680,708) |
| Total comprehensive loss for the year | | (24,981,041) | (15,680,708) |
| Earnings per share | | | |
| Basic and diluted loss per share (cents) | 9 | (2.71) | (1.87) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

For personal use only

Alpha HPA Limited

and its controlled entities

**Consolidated Statement of Financial Position
As at 30 June 2024**

| | Notes | Consolidated | |
|--|-------|--------------------|-------------------|
| | | 2024 \$ | 2023 \$ |
| Current assets | | | |
| Cash and cash equivalents | 10 | 189,618,503 | 20,588,748 |
| Trade and other receivables | 11 | 7,984,763 | 1,582,127 |
| Prepayments | | 1,122,022 | 412,758 |
| Inventory | | 2,702,556 | 1,109,636 |
| Total current assets | | 201,427,844 | 23,693,269 |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 59,005,720 | 37,545,020 |
| Right-of-use-assets | 12 | 454,552 | 290,197 |
| Investments | 13 | 2,240,472 | 5,303,660 |
| Deposits | | 390,010 | 279,557 |
| Intellectual Property Licence Rights | 14 | 3,778,382 | - |
| Total non-current assets | | 65,869,136 | 43,418,434 |
| Total assets | | 267,296,980 | 67,111,703 |
| Current liabilities | | | |
| Trade and other payables | 15 | 7,964,396 | 5,392,579 |
| Deferred Consideration | | 102,050 | - |
| Deferred grant recognition | | 5,913,029 | 5,364,668 |
| Lease liability | 12 | 237,249 | 206,434 |
| Borrowings | 18 | 218,760 | - |
| Total current liabilities | | 14,435,484 | 10,963,681 |
| Non-Current liabilities | | | |
| Deferred Consideration | | 825,619 | - |
| Lease liability | 12 | 232,995 | 132,381 |
| Provision for decommissioning and rehabilitation | 25 | 1,627,898 | - |
| Borrowings | 18 | 3,000,000 | - |
| Total non-current liabilities | | 5,686,512 | 132,381 |
| Total liabilities | | 20,121,996 | 11,096,062 |
| Net assets | | 247,174,984 | 56,015,641 |
| Equity | | | |
| Issued capital | 16 | 348,983,987 | 127,756,651 |
| Reserves | 16 | 3,350,740 | 8,437,692 |
| Accumulated losses | | (105,159,743) | (80,178,702) |
| Total equity | | 247,174,984 | 56,015,641 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

| | Notes | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total \$ |
|--|-------|-------------------------|------------------|-----------------------------|--------------------|
| Attributable to equity holders of the Group | | | | | |
| Balance at 1 July 2022 | | 101,716,126 | 9,650,781 | (64,497,994) | 46,868,913 |
| Total comprehensive income for the year | | | | | |
| Loss for the year | | - | - | (15,680,708) | (15,680,708) |
| Total comprehensive loss for the year | | - | - | (15,680,708) | (15,680,708) |
| Transactions with owners recorded directly in equity | | | | | |
| Contributions by and distributions to owners of the Company | | | | | |
| Issue of shares | 16 | 23,403,011 | - | - | 23,403,011 |
| Costs of issue | 16 | (52,952) | - | - | (52,952) |
| Fair value of options exercised during the period | | 2,690,466 | (2,690,466) | - | - |
| Share based payments | 17 | - | 1,477,377 | - | 1,477,377 |
| Balance at 30 June 2023 | | 127,756,651 | 8,437,692 | (80,178,702) | 56,015,641 |
| Balance at 1 July 2023 | | 127,756,651 | 8,437,692 | (80,178,702) | 56,015,641 |
| Total comprehensive income for the year | | | | | |
| Loss for the year | | - | - | (24,981,041) | (24,981,041) |
| Total comprehensive loss for the year | | - | - | (24,981,041) | (24,981,041) |
| Transactions with owners recorded directly in equity | | | | | |
| Contributions by and distributions to owners of the Company | | | | | |
| Issue of shares | 16 | 225,073,214 | - | - | 225,073,214 |
| Costs of issue | 16 | (8,375,678) | - | - | (8,375,678) |
| Fair value of options exercised during the period | 16 | 4,529,800 | (4,529,800) | - | - |
| Transaction with option holder | | - | (2,000,000) | - | (2,000,000) |
| Share based payments | 17 | - | 1,442,848 | - | 1,442,848 |
| Balance at 30 June 2024 | | 348,983,987 | 3,350,740 | (105,159,743) | 247,174,984 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2024

| | Notes | Consolidated | |
|---|-------|---------------------------|--------------------------|
| | | 2024 \$ | 2023 \$ |
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 48,737 | 22,908 |
| Cash payments in the course of operations | | (23,564,946) | (15,364,590) |
| Interest received | | 1,100,788 | 477,983 |
| Interest paid | | - | (38,247) |
| R&D tax incentive | | - | 3,607,534 |
| Net cash used in operating activities | 19 | <u>(22,415,421)</u> | <u>(11,294,412)</u> |
| Cash flows from investing activities | | | |
| Payments for capital works in progress | | (11,397,518) | (6,627,198) |
| Payments for research and development | | (5,746,948) | (3,515,384) |
| Payments for property, plant and equipment | | (11,823,931) | (14,060,415) |
| Payments for security deposits | | (110,454) | - |
| Payments for intellectual property rights | | (2,113,844) | - |
| Government grants and incentives | | 6,059,091 | 16,200,000 |
| Net cash used in investing activities | | <u>(25,133,604)</u> | <u>(8,002,997)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 16 | 223,973,213 | 23,332,511 |
| Transaction costs on share issue | | (8,175,678) | (52,952) |
| Payment to option holder | | (2,000,000) | - |
| Receipt of funds from borrowings | | 3,000,000 | - |
| Repayment of lease liabilities | | (217,636) | (212,528) |
| Net cash from financing activities | | <u>216,579,899</u> | <u>23,067,031</u> |
| Net increase in cash held | | 169,030,874 | 3,769,622 |
| Cash and cash equivalents at 1 July | | 20,588,748 | 16,831,134 |
| Effect of exchange rate adjustments on cash held | | <u>(1,119)</u> | <u>(12,008)</u> |
| Cash and cash equivalents at 30 June | 10 | <u>189,618,503</u> | <u>20,588,748</u> |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Alpha HPA Limited

and its controlled entities

Notes to the Consolidated Financial Statements

1 REPORTING ENTITY

Alpha HPA Limited (the Company) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a for-profit entity developing the HPA First Project, to produce high purity alumina products for the battery, LED and semi-conductor markets, as well as synthetic sapphire glass.

2 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Directors on 30 August 2024.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

- Investments - financial assets measured at fair value through profit and loss.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 3 Accounting for research and development activities, which involves distinguishing between research and development activities in accordance with AASB 138. Management have determined that the criteria to capitalise development costs have not been met during the 2024 financial year.
- Note 8 Unrecognised deferred tax assets.
- Note 14 Intellectual Property Licensing Rights
- Note 17 Share Based Payments.
- Note 18 Accounting for QIC Borrowings

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss after tax of \$24,981,041 (2023 - \$15,680,708), and had net cash outflows from operating activities, research and development activities and construction of the plant facilities of \$51,383,818 (2023 - \$35,497,409) for the year ended 30 June 2024.

The Group's main activity is development of the HPA First Project and as such it has minimal operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

For personal use only

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION (Cont.)

Going concern (Cont.)

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume net cash outflows from operating and investing activities will continue and the operational expenditures are maintained within available funding levels. In addition, the cash flow projections indicate sufficient funds are available for the Group to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

Accordingly, the consolidated financial statements for the year ended 30 June 2024 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its planned activities and operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Group.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

Finance income and finance costs

Finance income comprises interest income on funds invested (including financial assets at fair value through profit or loss), dividend income, foreign exchange gains and gains on the disposal of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of financial assets, foreign exchange losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Research and development expenditure

Research related expenditure is expensed as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Otherwise, development expenditure is recognised in profit or loss when incurred.

Notes to the Consolidated Financial Statements

3 MATERIAL ACCOUNTING POLICIES (Cont.)

Property, plant and equipment

Items of property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated over the assets' estimated useful lives to the Group commencing from the time the asset is ready for use.

The depreciation rates and useful lives used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate | Depreciation basis |
|------------------------|-------------------|--------------------|
| Building | 5% | Straight line |
| Furniture and fittings | 10% | Straight line |
| Lab equipment | 10% | Straight line |
| Motor vehicles | 20% | Straight line |
| Office equipment | 20% to 50% | Straight line |
| Plant and equipment | 5% to 50% | Straight line |

Construction in progress

The Group recognises plant construction in progress costs at cost in a construction in progress account. Once construction has been completed and the plant is in service, costs recognised as construction in progress will be transferred to the appropriate assets category within property, plant and equipment and depreciation charges will commence.

Government grants

Where a rebate is received relating to research and development or other costs that have been expensed, the rebate is recognised as other income when the rebate becomes receivable and the Company complies with all attached conditions. If the research and development or other costs have been capitalised, the rebate is deducted from the carrying value of the underlying asset when the grant becomes receivable and there is reasonable assurance the Group will comply with the relevant conditions.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single measurement recognition and approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Notes to the Consolidated Financial Statements

3 MATERIAL ACCOUNTING POLICIES (Cont.)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified and measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – equity investment; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

Notes to the Consolidated Financial Statements

3 MATERIAL ACCOUNTING POLICIES (Cont.)

Financial instruments (Cont.)

Non-derivative financial assets (Cont.)

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

| | |
|---|---|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Equity instruments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. |
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

Tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

3 MATERIAL ACCOUNTING POLICIES (Cont.)

Tax (Cont.)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Impairment

Financial instruments

The Group recognises expected credit losses (ECLs), where material, on:

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit ('CGU') for impairment testing and the value-in-use is compared to the carrying value of assets and liabilities in that CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Notes to the Consolidated Financial Statements

3 MATERIAL ACCOUNTING POLICIES (Cont.)

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Intellectual property

Intellectual property rights are recognised when it is probable that future economic benefits will be derived from the asset and will flow to the entity, provided these costs can be measured reliably. At initial recognition, these assets are measured at cost. Subsequently carried at its cost less any accumulated amortisation and any accumulated impairment losses at end of each period. Amortisation is done on a straight line basis, over the remaining life of the Intellectual property licence agreement period. This accounting policy is in accordance with IAS 38 "Intangible Assets".

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Notes to the Consolidated Financial Statements

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, is that there would be no material impact.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date.

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

The fair value of performance rights with market conditions is measured using a Monte-carlo simulation model. Measurement inputs include share price, expected time to vesting, risk free rate, dividend yield and volatility.

| | Consolidated | |
|---------------------------------|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| 5 OTHER INCOME | | |
| R&D tax rebate | 6,182,415 | 1,606,414 |
| Recognition of government grant | 313,005 | - |
| | 6,495,420 | 1,606,414 |

6 FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

| | | |
|---|------------------|----------|
| Interest income on cash deposits | 1,452,959 | 477,983 |
| Interest income on R&D rebate | 179,363 | - |
| Interest expense QIC loan | (218,760) | - |
| Interest expense – lease liability | (31,084) | (38,247) |
| Foreign exchange loss | (2,355) | (12,008) |
| Net finance income recognised in profit or loss | 1,380,123 | 427,728 |

Notes to the Consolidated Financial Statements

Consolidated
2024 **2023**
\$ **\$**

7 LOSS FOR THE YEAR

Loss before income tax expense has been determined after:

| | | |
|--|------------------|-----------|
| Depreciation of non-current assets | | |
| - Plant and equipment | 1,451,530 | 769,167 |
| - Right of use asset | 247,887 | 217,501 |
| - Amortisation of intellectual property | 259,937 | - |
| Depreciation and amortisation expense | 1,959,354 | 986,668 |
| | <hr/> | <hr/> |
| Audit of annual and review of interim financial statements | 251,000 | 101,521 |
| CMAI grant audit | 7,500 | - |
| Legal fees | 827,746 | 106,628 |
| Audit and legal fees | 1,086,246 | 208,149 |
| | <hr/> | <hr/> |
| Total employee remuneration | 6,199,434 | 4,889,897 |
| Superannuation expense | 747,328 | 504,811 |
| Total employment expenses | 6,946,762 | 5,394,708 |

8 INCOME TAX

Current tax expense

| | | |
|---------------------------|--------------------|-------------|
| Current year | (6,024,278) | (3,856,176) |
| Tax losses not recognised | 6,024,278 | 3,856,176 |
| | <hr/> | <hr/> |
| | - | - |

Numerical reconciliation of income tax expense to prima facie tax payable:

| | | |
|--|---------------------|--------------|
| Loss before tax | (24,981,041) | (15,680,708) |
| | <hr/> | <hr/> |
| Prima facie income tax benefit at the Australian tax rate of 25% (2023- 25%) | (6,245,260) | (3,920,177) |
| Increase in income tax expense due to: | | |
| Non-deductible expenses | (409,517) | (12,758) |
| | <hr/> | <hr/> |
| Tax losses not recognised | 6,024,278 | 3,856,176 |
| Effect of net deferred tax assets not brought to account | 630,499 | 76,759 |
| Income tax expense | - | - |

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | | |
|-------------------------------------|-------------------|-----------|
| Taxable temporary differences (net) | 941,262 | 585,958 |
| Tax losses | 14,833,970 | 9,339,793 |
| Net | 15,775,232 | 9,925,751 |

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. All tax losses relate to Australia and do not expire. To utilise these tax losses, the Group must meet requirements in relation to continuity of ownership or same business.

Notes to the Consolidated Financial Statements

| | Consolidated | |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| 9 LOSS PER SHARE | | |
| Basic and diluted loss per share have been calculated using: | | |
| Net loss for the year attributable to equity holders of the Company | <u>(24,981,041)</u> | <u>(15,680,708)</u> |
| | N° of Shares | N° of shares |
| Weighted average number of ordinary shares (basic and diluted) | | |
| - Issued ordinary shares at the beginning of the year | 857,806,079 | 795,486,624 |
| - Effect of shares issued on 29 July 2022 | - | 15,465,069 |
| - Effect of shares issued on 14 November 2022 | - | 28,222,198 |
| - Effect of shares issued on 2 February 2023 | - | 208,794 |
| - Effect of shares issued on 5 May 2023 | - | 11,712 |
| - Effect of shares issued on 26 July 2023 | 904,877 | - |
| - Effect of shares issued on 28 July 2023 | 18,735,097 | - |
| - Effect of shares issued on 8 November 2023 | 35,331,986 | - |
| - Effect of shares issued on 24 May 2024 | 7,383,121 | - |
| - Effect of shares issued on 20 June 2024 | 190,461 | - |
| - Effect of shares issued on 27 June 2024 | 1,347,905 | - |
| Weighted average number of shares at the end of the year | <u>921,699,527</u> | <u>839,394,397</u> |

As the Group is loss making, none of the potentially dilutive securities are currently dilutive. Details on the 11,800,000 options on issue are set out in Note 16.

10 CASH AND CASH EQUIVALENTS

| | | |
|--|--------------------|-------------------|
| Cash at bank | <u>189,618,503</u> | 20,588,748 |
| Cash and cash equivalents in the statement of cash flows | <u>189,618,503</u> | <u>20,588,748</u> |

11 TRADE AND OTHER RECEIVABLES

Current

| | | |
|------------------------------------|------------------|------------------|
| GST receivable | 1,265,719 | - |
| R&D rebate receivable [^] | 6,182,415 | - |
| Government grant receivable* | - | 1,550,000 |
| Interest receivable | 531,533 | - |
| Other receivables | 5,096 | 32,127 |
| | <u>7,984,763</u> | <u>1,582,127</u> |

* Relates to Federal Government grant funding of \$15.5 million under the Critical Minerals Development Program (CMDP), of which \$1.55M was received during the period.

[^] This R&D Tax Incentive Rebate, which related to the 2022/2023 financial year was received subsequent to the end of the year.

Notes to the Consolidated Financial Statements

12 PROPERTY, PLANT AND EQUIPMENT & LEASE

| PROPERTY, PLANT AND EQUIPMENT | Consolidated | |
|--|--------------------------|--------------------------|
| | 2024 | 2023 |
| Furniture and fittings | \$ | \$ |
| Furniture and fittings - cost | 102,112 | 6,487 |
| Accumulated depreciation | (9,663) | (530) |
| Net book value | <u>92,449</u> | <u>5,957</u> |
| Office equipment | | |
| Office equipment - cost | 240,139 | 63,035 |
| Accumulated depreciation | (76,741) | (37,611) |
| Net book value | <u>163,398</u> | <u>25,424</u> |
| Plant and equipment | | |
| Plant and equipment - cost | 45,743,061 | 24,876,314 |
| Government grant recognition - cost | (15,196,995) | (8,896,491) |
| Accumulated depreciation | (991,096) | (328,109) |
| Net book value | <u>29,554,970</u> | <u>15,651,714</u> |
| Building | | |
| Building - cost | 14,015,745 | 13,825,472 |
| Accumulated depreciation | (1,098,942) | (399,614) |
| Net book value | <u>12,916,803</u> | <u>13,425,858</u> |
| Lab equipment | | |
| Lab equipment - cost | 274,334 | 250,000 |
| Accumulated depreciation | (44,378) | (14,583) |
| Net book value | <u>229,956</u> | <u>235,417</u> |
| Motor vehicles | | |
| Motor vehicles - cost | 46,193 | 46,193 |
| Accumulated depreciation | (16,912) | (7,673) |
| Net book value | <u>29,281</u> | <u>38,520</u> |
| Construction in progress | | |
| Construction in progress - cost | 33,871,088 | 47,691,478 |
| Transfer to fixed assets | (20,348,688) | (38,689,358) |
| Government grant recognition | (161,971) | (3,488,841) |
| Net book value | <u>13,360,429</u> | <u>5,513,279</u> |
| Land | | |
| Land - cost | 2,648,851 | 2,648,851 |
| Net book value | <u>2,648,851</u> | <u>2,648,851</u> |
| Software | | |
| Software - cost | 11,500 | - |
| Accumulated depreciation | (1,917) | - |
| Net book value | <u>9,583</u> | <u>-</u> |
| Total property, plant and equipment | <u>59,005,720</u> | <u>37,545,020</u> |

For personal use only

Notes to the Consolidated Financial Statements

12 PROPERTY, PLANT AND EQUIPMENT & LEASE (Con't)

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

| | Consolidated | |
|--|---------------------|-------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Furniture and fittings | | |
| Carrying amount at the beginning of the year | 5,957 | 3,446 |
| Additions | 95,624 | 2,876 |
| Depreciation | (9,132) | (365) |
| Net book value | <u>92,449</u> | <u>5,957</u> |
| Office equipment | | |
| Carrying amount at the beginning of the year | 25,424 | 24,202 |
| Additions | 177,104 | 20,045 |
| Depreciation | (39,130) | (18,823) |
| Net book value | <u>163,398</u> | <u>25,424</u> |
| Plant and equipment | | |
| Carrying amount at the beginning of the year | 15,651,716 | - |
| Additions | 518,059 | 138,004 |
| Additions – transferred from CIP | 16,859,847 | 24,738,310 |
| Government grant recognition | (2,811,663) | (8,896,491) |
| Depreciation | (662,989) | (328,109) |
| Net book value | <u>29,554,970</u> | <u>15,651,714</u> |
| <p>Upon confirmation of \$15.5 million of grant funding under the Federal Government's Critical Minerals Development Program (CMDP) the Company recognised this amount as a deferred government grant. Eligible expenditure under the grant agreement has been undertaken by the Company to expand the production capability of the Precursor Production Facility (PPF). In accordance with AASB 120 – Accounting for Government Grants and Disclosure of Government Assistance, the Company has recognised \$3,114,668 of total eligible government grant income, from which \$2,811,663 have been deducted from the carrying value of the PPF (capital expenditure portion) and \$303,005 have been recorded as other income (Operating expenditure).</p> <p>In addition, during the year the Group received \$4,500,000 (2023 \$2,250,000) of the Federal Government Modern Manufacturing Initiative-Collaboration Stream grant, of which \$675,000 was transferred to Orica as per a collaboration agreement and recognised during this financial year \$161,971 of total eligible grant income as a deduction to the HPA First Project construction in progress amount. The remaining balance, \$5,913,029, has been recorded as deferred grant income (liability).</p> | | |
| Building | | |
| Carrying amount at the beginning of the year | 13,425,858 | 124,424 |
| Additions | 190,274 | 13,701,048 |
| Depreciation | (699,329) | (399,614) |
| Net book value | <u>12,916,803</u> | <u>13,425,858</u> |
| Lab equipment | | |
| Carrying amount at the beginning of the year | 235,417 | - |
| Additions | 24,333 | 250,000 |
| Depreciation | (29,794) | (14,583) |
| Net book value | <u>229,956</u> | <u>235,417</u> |

Notes to the Consolidated Financial Statements

12 PROPERTY, PLANT AND EQUIPMENT & LEASE (Con't)

| | Consolidated | |
|--|-------------------|------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Motor vehicles | | |
| Carrying amount at the beginning of the year | 38,520 | - |
| Additions | - | 46,193 |
| Depreciation | (9,239) | (7,673) |
| Net book value | <u>29,281</u> | <u>38,520</u> |
| Construction in progress | | |
| Carrying amount at the beginning of the year | 5,513,279 | 25,619,136 |
| Additions | 24,868,968 | 22,072,342 |
| Transfer to fixed asset | (16,859,847) | (38,689,358) |
| Government grant recognition | (161,971) | (3,488,841) |
| Net book value | <u>13,360,429</u> | <u>5,513,279</u> |
| Construction in progress expenditure relates to the construction of the HPA First Project Stage 2. | | |
| Land | | |
| Carrying amount at the beginning of the year | 2,648,851 | 2,648,851 |
| Net book value | <u>2,648,851</u> | <u>2,648,851</u> |
| Software | | |
| Carrying amount at the beginning of the year | - | - |
| Additions | 11,500 | - |
| Depreciation | (1,917) | - |
| Net book value | <u>9,583</u> | <u>-</u> |
| LEASE | | |
| Right of use assets – office space and warehouses | | |
| Right of use assets | | |
| Right of use assets - cost | 1,102,271 | 690,029 |
| ROUA disposal - Cost | (95,321) | - |
| ROUA disposal - Amortisation | 95,321 | - |
| Accumulated amortisation | (647,719) | (399,832) |
| Net book value | <u>454,552</u> | <u>290,197</u> |
| Right of use assets | | |
| Carrying amount at the beginning of the year | 290,197 | 493,946 |
| Additions | 412,242 | 13,752 |
| Amortisation | (247,887) | (217,501) |
| Net book value | <u>454,552</u> | <u>290,197</u> |
| Lease liability | | |
| Current | 237,249 | 206,434 |
| Non-current | 232,995 | 132,381 |
| Total lease liability | <u>470,244</u> | <u>338,815</u> |

For personal use only

Notes to the Consolidated Financial Statements

| | Consolidated | |
|--|------------------|------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| 13 INVESTMENTS - SHARES AT FAIR VALUE | | |
| Opening balance | 5,303,660 | 5,328,802 |
| Unrealised loss | (3,063,188) | (25,142) |
| Closing balance | <u>2,240,472</u> | <u>5,303,660</u> |

At 30 June 2024 the Company held the following shares in ASX listed entities:

- 17,125,000 shares in Far East Gold Limited, the fair value of which was \$1,712,500;
- 20,000,000 shares in Helix Resources Limited the fair value of which was \$60,000; and
- 456,558 shares in Santana Minerals Limited, the fair value of which was \$467,972.

14 INTELLECTUAL PROPERTY RIGHTS

During the year the Company signed an amendment and restatement deed to the sublicense agreement that expanded and consolidated its Intellectual Property (IP) rights to the aluminium extraction and refining technology on which the HPA First Project process flow sheet has been developed.

In consideration for securing these expanded IP rights the Company completed the following cash and share based payments:

- \$2.0million cash (plus GST), and
- \$1.0 million (plus GST) as fully paid ordinary shares at a price of \$1.1326 per share.

The Company is also obliged to continue paying the licensor an annual, CPI adjusted, licence fee of \$100,000 for the remaining term and a quarterly royalty equal to 2% of gross revenue prior to practical completion of the full-scale Gladstone plant and reducing to 1% thereafter.

The amount recognised as an intangible asset on the balance sheet comprises the cash and share based consideration paid for the expanded IP rights as well as an amount equalling the net present value of the future annual licence fees over remaining term.

Intellectual property rights

| | | |
|--|------------------|----------|
| Carrying amount at the beginning of the year | - | - |
| Additions | 4,038,320 | - |
| Amortisation | (259,937) | - |
| Net book value | <u>3,778,382</u> | <u>-</u> |

15 TRADE AND OTHER PAYABLES

Current

| | | |
|-------------------------------|------------------|------------------|
| Trade creditors | 3,235,847 | 3,418,040 |
| Sundry creditors and accruals | 4,728,549 | 1,974,539 |
| | <u>7,964,396</u> | <u>5,392,579</u> |

Notes to the Consolidated Financial Statements

| | Consolidated | |
|---|--------------------|--------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| 16 CAPITAL AND RESERVES | | |
| Share capital | | |
| 1,134,580,693 (2023 – 857,806,079) fully paid ordinary shares | <u>348,983,987</u> | <u>127,756,651</u> |

| | 2024 | | 2023 | |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|
| | N° of shares | \$ | N° of shares | \$ |
| Ordinary shares | | | | |
| Balance at the beginning of the year | 857,806,079 | 127,756,651 | 795,486,624 | 101,716,126 |
| Issue of shares | 256,547,341 | 221,423,214 | 45,057,980 | 19,863,011 |
| Exercise of options | 20,227,273 | 8,179,800 | 17,261,475 | 6,230,466 |
| Costs of issue | - | (8,375,678) | - | (52,952) |
| Balance at the end of the year | <u>1,134,580,693</u> | <u>348,983,987</u> | <u>857,806,079</u> | <u>127,756,651</u> |

2023/2024

In July 2023 the Company issued 971,217 shares to its IP Licensor for global exclusive Licensee rights to the process IP. The value of the shares granted, based on a 5 day VWAP was \$1.1326 per share, equating to consideration of \$1,100,000. Share costs totalled \$6,033.

Additionally, the Company issued 10,428,571 shares at \$0.35 each for cash totalling \$3,650,000, following the exercise of 10,428,571 \$0.35 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$2,096,286. Share costs totalled \$28,382.

Additionally, the Company issued 9,798,702 shares following the cashless conversion of 14,371,429 \$0.35 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$2,433,514.

In November 2023 the Company issued 54,794,521 shares at \$0.73 each, to sophisticated investors, for cash totalling \$40,000,000. Share costs totalled \$1,946,317.

In May 2024 the Company issued 71,111,111 shares at \$0.90 each, to sophisticated investors, for cash totalling \$64,000,000. Share costs totalled \$2,361,543.

In June 2024 the Company issued 6,337,158 shares at \$0.84 each, to shareholders under a Share Purchase Plan, for cash totalling \$5,323,213. Share costs totalled \$16,294.

In June 2024 the Company issued 123,333,334 shares at \$0.90 each, to sophisticated investors, for cash totalling \$111,000,000. Share costs totalled \$4,017,110.

2022/2023

In July 2022, the Company issued 11,800,000 shares at \$0.30 each for cash totalling \$3,540,000, following the exercise of 11,800,000 \$0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$1,268,289. Share costs totalled \$18,281.

Additionally, the Company issued 4,950,000 shares following the cashless conversion of 19,800,000 \$0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$1,282,977.

In November 2022 the Company issued 44,982,980 shares at \$0.44 each, to Orica Investments Pty Ltd, for cash totalling \$19,792,511. Share costs totalled \$30,925.

In February 2023 the Company issued 511,475 shares following the cashless conversion of 1,200,000 \$0.35 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$139,200. Share issue costs totalled \$2,496.

Notes to the Consolidated Financial Statements

16 CAPITAL AND RESERVES (Con't)

In May 2023 the Company issued 75,000 shares to Technologica at \$0.94 each, equivalent to \$70,500, for services rendered. Share costs totalled \$1,250. A share based payment of \$70,500 was recognised.

Terms and conditions - shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Nature and purpose of reserves

Option premium and performance rights reserve

The option premium and performance rights reserve is used to recognise the grant date fair value of options vested but not exercised.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

| | Consolidated | |
|--------------------------------------|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Option premium reserve | 2,342,998 | 8,418,412 |
| Performance rights reserve | 988,463 | - |
| Foreign currency translation reserve | 19,279 | 19,279 |
| | 3,350,740 | 8,437,691 |

Movements during the period

Option premium reserve

| | | |
|---|--------------------|-------------|
| Balance at beginning of period | 8,418,413 | 9,631,502 |
| Share options issued – share based payments | 454,385 | 1,477,377 |
| Exercise of options | (4,529,800) | (2,690,466) |
| Transaction with option holder | (2,000,000) | - |
| Balance at end of period | 2,342,998 | 8,418,413 |

Foreign currency translation reserve

| | | |
|--------------------------------|---------------|--------|
| Balance at beginning of period | 19,279 | 19,279 |
| Balance at end of period | 19,279 | 19,279 |

Performance rights reserve

| | | |
|------------------------------------|----------------|---|
| Balance at beginning of period | - | - |
| Issue of performance rights | 991,185 | - |
| Cancellation of performance rights | (2,722) | - |
| Balance at end of period | 988,463 | - |

For personal use only

Notes to the Consolidated Financial Statements

16 CAPITAL AND RESERVES (Con't)

Unlisted options to take up ordinary shares in the capital of the Company have been granted as follows:

| Exercise Period | Exercise Price | Opening Balance 1 July 2023 Number | Options Issued Number | Options Exercised Number | Options Expired Number | Closing Balance 30 June 2024 Number |
|--------------------------------|----------------|--|--------------------------|-----------------------------|---------------------------|---|
| On or before 31 July 2023 | \$0.35 | 24,800,000 | - | (24,800,000) | - | - |
| On or before 30 September 2023 | \$0.35 | 5,000,000 | - | - | (5,000,000) | - |
| On or before 30 April 2025 | \$0.90 | 9,120,000 | - | - | (160,000) | 8,960,000 |
| On or before 31 August 2025 | \$0.90 | 3,000,000 | - | - | - | 3,000,000 |

| Exercise Period | Exercise Price | Opening Balance 1 July 2022 Number | Options Issued Number | Options Exercised Number | Options Expired Number | Closing Balance 30 June 2023 Number |
|--------------------------------|----------------|--|--------------------------|-----------------------------|---------------------------|---|
| On or before 31 July 2022 | \$0.20 | 4,600,000 | - | (4,600,000) | - | - |
| On or before 31 July 2022 | \$0.30 | 37,000,000 | - | (27,000,000) | (10,000,000) | - |
| On or before 31 July 2023 | \$0.35 | 26,000,000 | - | (1,200,000) | - | 24,800,000 |
| On or before 30 September 2023 | \$0.35 | 5,000,000 | - | - | - | 5,000,000 |
| On or before 30 April 2025 | \$0.90 | 12,000,000 | - | - | (2,880,000) | 9,120,000 |
| On or before 31 August 2025 | \$0.90 | - | 3,000,000 | - | - | 3,000,000 |

At 30 June 2024 the following options were vested and exercisable:

| Number of options | Exercise price | Expiry date |
|-------------------|----------------|----------------|
| 8,800,000 | \$0.90 | 30 April 2025 |
| 2,000,000 | \$0.90 | 31 August 2025 |

17 SHARE BASED PAYMENTS

The following share based payment expenses in relation to options on issue were recognised during the year ended 30 June 2024.

| Number of options | Exercise price | Expiry date | Expense recognised during current period |
|-------------------|----------------|-------------------|--|
| 26,000,000 | \$0.35 | 31 July 2023 | - |
| 5,000,000 | \$0.35 | 30 September 2023 | - |
| 11,440,000 | \$0.90 | 30 April 2025 | \$247,581 |
| 3,000,000 | \$0.90 | 31 August 2025 | \$206,804 |

Notes to the Consolidated Financial Statements

17 SHARE BASED PAYMENTS (Con't)

During the year ended 30 June 2024,

- The Company issued 5,415,000 service based performance rights were issued for no consideration. The fair value of the service based rights was the Company's closing share price of \$0.86 on the grant date. One third of the rights vest on 14 December 2024, 1/3 vest on 14 December 2025 and 1/3 vest on 14 December 2026. The fair value of the service based rights granted was \$0.86 per share, totalling \$4,656,900. A share based payment expense of \$979,978 was taken up during the year ended 30 June 2024.
- The Company issued 180,000 performance rights with market based conditions to CFO Craig Jones. The rights were valued using a Monte-carlo simulation model. Their vesting depends on the Company's VWAP at completion of the performance period on 14 December 2026, with nil vesting if the Company's share price is below \$1.30 and up to 100% vesting if the share price is \$1.90 or higher. The fair value of the rights granted was \$0.47 per share, totalling \$84,600. A share based payment expense of \$8,485 was taken up during the year ended 30 June 2024.

The following share based payment expenses in relation to rights on issue were recognised during the year ended 30 June 2024.

| Number of options | Basis | Vesting | Expense recognised during current period |
|-------------------|-------------------|---|--|
| 5,400,000 | Service based | 1/3 December 2024, 1/3 December 2025, 1/3 December 2026 | \$979,978 |
| 180,000 | Performance based | Subject to share price performance | \$8,485 |

During the year ended 30 June 2023, 32,800,000 \$0.30 options were exercised or cashless converted. In addition, the following options were issued:

- The Company issued 3,000,000 \$0.90 options for no consideration with a grant date of 23 November 2022 and an expiry date of 31 August 2025, to Director Dr Regan Crooks. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$0.263 per share, totalling \$789,000. The Black-Scholes formula model inputs were the Company's share price of \$0.595 at the grant date, a volatility factor of 85% (based on historical share price performance), a risk-free interest rate of 3.27% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 August 2023 and 1/3 vest on 31 August 2024. A share based payment expense of \$206,804 was taken up during the year ended 30 June 2024.

The following share based payment expenses were recognised during the year ended 30 June 2023.

| Number of options | Exercise price | Expiry date | Expense recognised during current period |
|-------------------|----------------|-------------------|--|
| 26,000,000 | \$0.35 | 31 July 2023 | \$76,155 |
| 5,000,000 | \$0.35 | 30 September 2023 | - |
| 11,440,000 | \$0.90 | 30 April 2025 | \$844,229 |
| 3,000,000 | \$0.90 | 31 August 2025 | \$556,993 |

Notes to the Consolidated Financial Statements

18 BORROWINGS

During the period, the Group secured a debt facility of up to \$30 million from QIC Critical Minerals and Battery Technology Fund (**QCMBTF**). The project funding facility will be applied to the roll-out of the initial 50 sapphire growth units in two phases:

- Phase A - \$3 million drawable to re-imburse investment in the first two growth units
- Phase B - \$27 million drawable (to reimburse or progressively fund) from Final Investment Decision ('FID') until December 2024.

The Group has drawn the first \$3 million at 30 June 2024. The debt facility has a sales based repayment mechanism being 4.35% of the gross revenue (less power costs) capped to the first 2,500 tonnes of production, and is secured by a first ranking charge over shares in Alpha Sapphire Pty Ltd and its assets, subject to agreed exceptions. Interest accrued over the period was \$218,760 (2023 nil) and estimated by determining the effective interest rate (15%) over the expected payment period and accounting for repayment of \$30 million capital expected to be provided by QCMBTF. Judgment was used when estimating revenues and how quickly the Alpha Sapphire business will be expanded and therefore how long it would take to produce 2,500 tonnes and the timing of the final payment to QCMBTF.

| | Consolidated | |
|--|----------------------------|---------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| 19 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash flows from operating activities | | |
| Loss from ordinary activities after income tax | <u>(24,981,041)</u> | (15,680,708) |
| Adjustments for: | | |
| Depreciation and amortisation | 1,959,352 | 986,668 |
| Revaluation of investment | 3,063,188 | 25,142 |
| Share based payments and non cash marketing expense | 1,442,848 | 1,547,877 |
| Development and intellectual property expenses | 249,403 | 869,280 |
| Financing expenses | 250,166 | - |
| Effect of exchange rate adjustments | 1,119 | 12,008 |
| Provisions for payroll liabilities | 375,907 | - |
| Changes in assets and liabilities: | | |
| Trade and other receivables | (2,275,233) | 1,522,153 |
| Prepayments | (709,264) | (170,800) |
| Inventories | (1,592,922) | (1,098,701) |
| Trade and other payables | (198,944) | 692,669 |
| Net cash used in operating activities | <u>(22,415,421)</u> | <u>(11,294,412)</u> |

20 AUDITOR'S REMUNERATION

Auditors of the Company - KPMG:

| | | |
|--|-----------------------|----------------|
| Audit of annual and review of interim financial reports - KPMG | 258,500 | 101,521 |
| R&D incentive claim services | 74,718 | 38,143 |
| Remuneration advisory services | 26,765 | - |
| Debt advisory services | 444,458 | 197,112 |
| Other services fees | 36,332 | 22,266 |
| | <u>840,272</u> | <u>359,042</u> |

Notes to the Consolidated Financial Statements

21 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, investments in financial assets, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The primary responsibility to monitor the financial risks lies with the Managing Director, the Chief Financial Officer and the Company Secretary under the authority of the Board.

Climate related risks

Alpha acknowledges that climate related risks have the potential to impact existing and proposed business operations of the Company. These risks include energy pricing risks, related to energy transition, and the input costs of key materials and labour related to climate impacts in key suppliers.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents and is not considered a material risk.

At balance date the Group's variable interest bearing financial instruments were:

| | Consolidated | |
|---------------------------|--------------------|-------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 189,618,503 | 20,588,748 |

The Group did not have any variable market based interest bearing financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group has seven interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in at least seven accounts to maximise the available interest rates. The Group always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

Notes to the Consolidated Financial Statements

21 FINANCIAL INSTRUMENTS (Cont.)

Interest rate risk (Cont.)

For the year ended 30 June 2024, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

| | Post tax loss (Higher)/Lower 2024 \$ | Post tax loss (Higher)/Lower 2023 \$ | Total equity (Higher)/Lower 2024 \$ | Total equity (Higher)/Lower 2023 \$ |
|----------------------------|---|---|--|--|
| + 1% higher interest rate | 1,051,036 | 187,099 | 1,051,036 | 187,099 |
| - 0.5% lower interest rate | (525,518) | (93,550) | (525,518) | (93,550) |

The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rate on cash balances.

Currency risk

The Groups functional currency is Australian dollars. The Group holds some cash in US\$ and some trade receivables/payables denominated in US\$.

The Group's gross financial position exposure to foreign currency risk at 30 June 2024 is as follows:

- US\$103,252 (\$155,246) cash at bank;
- US\$3,389 (\$5,096) of trade and other receivables; and
- US\$97,376 (\$146,413) of trade and other payables.

The Group's gross financial position exposure to foreign currency risk at 30 June 2023 is as follows:

- US\$95,292 (\$143,728) cash at bank;
- US\$28,417 (\$42,862) of trade and other receivables/payables.

The following significant exchange rates applied during the year:

| | Average rate | | Reporting date spot rate | |
|------|--------------|--------|--------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| A\$ | | | | |
| US\$ | 0.6565 | 0.6764 | 0.6650 | 0.6630 |

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

For the year ended 30 June 2024, if the exchange rate between the Australian dollar to the United States dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Notes to the Consolidated Financial Statements

21 FINANCIAL INSTRUMENTS (Cont.)

Market risks (Cont.)

Currency risk (Cont.)

Judgement of reasonable possible movements:

| | Post tax loss (Higher)/Lower 2024 \$ | Post tax loss (Higher)/Lower 2023 \$ | Total equity (Higher)/Lower 2024 \$ | Total equity (Higher)/Lower 2023 \$ |
|--|---|---|--|--|
| + 10% higher AUD to USD exchange rate | (1,266) | 121,493 | (1,266) | 121,493 |
| + 5% higher AUD to USD exchange rate | (633) | 60,746 | (633) | 60,746 |

The Group seeks to minimise currency risk through the alignment of the proportion of cash balances held in various currencies with forecast expenditures and the underlying currency denomination of those forecast expenditures.

Price risk

The group holds listed shares, the following sensitivity is based on the price risk exposures at balance date.

| | Post tax loss (Higher)/Lower 2024 \$ | Post tax loss (Higher)/Lower 2023 \$ | Total equity (Higher)/Lower 2024 \$ | Total equity (Higher)/Lower 2023 \$ |
|------------------------------------|---|---|--|--|
| + 10% higher of the share price | 224,047 | 530,366 | 224,047 | 530,366 |

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group.

At balance date, the Group has available funds of \$189,618,503 for its immediate use.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| Financial liabilities | Carrying amount \$ | Contractual cash flows \$ | Less than 6 months \$ | 6 to 12 months \$ | 1 to 5 years \$ | More than 5 years \$ |
|--------------------------|--------------------------|---------------------------------|-----------------------------|-------------------------|-----------------------|----------------------------|
| 30 June 2024 | | | | | | |
| Trade and other payables | 7,964,396 | 7,964,396 | 7,964,396 | - | - | - |
| Deferred Consideration | 927,670 | 927,670 | 102,050 | - | 825,620 | - |
| QIC* | 3,218,760 | 9,000,000 | 53,309 | 55,351 | 592,774 | 8,298,565 |
| Lease liabilities | 470,244 | 534,694 | 168,005 | 105,123 | 261,566 | - |
| | 12,581,070 | 18,426,760 | 8,287,760 | 160,474 | 1,679,960 | 8,298,565 |

* An estimate based on the operation of two sapphire growth units only, operating until 2069.

For personal use only

Notes to the Consolidated Financial Statements

21 FINANCIAL INSTRUMENTS (Cont.)

Market risks (Cont.)

Liquidity risk (Cont.)

| Financial liabilities | Carrying amount \$ | Contractual cash flows \$ | Less than 6 months \$ | 6 to 12 months \$ | 1 to 5 years \$ | More than 5 years \$ |
|--------------------------|-----------------------|------------------------------|--------------------------|----------------------|--------------------|-------------------------|
| 30 June 2023 | | | | | | |
| Trade and other payables | 5,392,579 | 5,392,579 | 5,392,579 | - | - | - |
| Lease liabilities | 338,815 | 361,279 | 125,307 | 100,207 | 135,765 | - |
| | <u>5,731,394</u> | <u>5,753,858</u> | <u>5,517,886</u> | <u>100,207</u> | <u>135,765</u> | <u>-</u> |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

| | Carrying amount | |
|-----------------------------|--------------------|-------------------|
| | 2024 \$ | 2023 \$ |
| Cash and cash equivalents | 189,618,503 | 20,588,748 |
| Trade and other receivables | 7,984,763 | 1,582,127 |
| Other financial assets | 390,010 | 279,557 |
| | <u>197,993,276</u> | <u>22,450,432</u> |

Other financial assets for the year ended 30 June 2024 and 30 June 2023 represent bank guarantees and environmental bonds held with Government Departments.

All financial assets and liabilities are current, with the exception of bonds totalling \$390,010. The receivables primarily relate to the balance of the R&D tax incentive rebate which represents minimal credit risk. All other financial assets are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group except for the cash and cash equivalents described below.

The cash and cash equivalents are held with Australian banks, which are rated AA- by S&P.

Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Notes to the Consolidated Financial Statements

22 RELATED PARTIES

Parent and ultimate controlling party

Alpha HPA Limited is both the parent and ultimate controlling party of the Group.

Key management personnel compensation

Information regarding individual key management personnel's compensation and some equity instruments disclosures as required by the *Corporations Act* and *Corporations Regulations 2M.3.03* are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below. At 30 June 2024 there were \$101,904 of fees outstanding (2023 - \$102,350).

| | 2024 | 2023 |
|----------------------|-------------------------|------------------|
| | \$ | \$ |
| Primary fees/salary | 1,900,177 | 1,642,525 |
| Share based payments | 412,302 | 877,689 |
| Superannuation | 60,693 | 38,301 |
| Other benefit | 28,556 | 30,572 |
| | <u>2,401,728</u> | <u>2,589,087</u> |

Key management personnel and Director transactions

The following key management personnel holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

Directors Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited (**MIS**), which provided full administrative services, including administrative, accounting and investor relations staff, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS during the year amounted to \$325,000 (2023 - \$388,000) which includes a monthly fee of \$25,000 per month and reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 30 June 2024, \$nil (2023 - \$37,500) remained outstanding and was included in the creditor's balance.

23 SEGMENT INFORMATION

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

For the year ended 30 June 2024, the Group had two segments, being development of the HPA First Project and the Alpha Sapphire Project.

For personal use only

Notes to the Consolidated Financial Statements

23 SEGMENT INFORMATION (Cont.)

The Group has two reportable segments as follows:

| | HPA First Project \$ | Alpha Sapphire Project \$ | Total \$ |
|------------------------------------|----------------------------|---------------------------------|---------------------|
| 30 June 2024 | | | |
| Revenue | 44,055 | - | 44,055 |
| Other income | 6,495,420 | - | 6,495,420 |
| Reportable segment loss before tax | <u>(18,323,643)</u> | <u>(750,589)</u> | <u>(19,074,232)</u> |
| Depreciation and amortisation | (1,939,536) | (19,816) | (1,959,352) |
| Reportable segment assets | <u>70,747,802</u> | <u>5,527,346</u> | <u>76,275,148</u> |
| Reportable segment liabilities | <u>13,028,972</u> | <u>3,468,849</u> | <u>16,497,821</u> |
| 30 June 2023 | | | |
| Revenue | 16,148 | - | 16,148 |
| Other income | 2,084,396 | - | 2,084,396 |
| Reportable segment loss before tax | <u>(13,362,396)</u> | <u>-</u> | <u>(13,362,396)</u> |
| Depreciation and amortisation | (981,149) | - | (981,149) |
| Reportable segment assets | <u>39,162,484</u> | <u>-</u> | <u>39,162,484</u> |
| Reportable segment liabilities | <u>8,907,519</u> | <u>-</u> | <u>8,907,519</u> |

| | Consolidated 2024 \$ | 2023 \$ |
|--|----------------------------|---------------------|
| Reconciliations of reportable segment revenues and profit or loss | | |
| Profit or loss | | |
| Total loss for reportable segments | (19,074,232) | (13,362,396) |
| Unallocated amounts: | | |
| Interest income | 1,632,322 | 477,983 |
| Other income | | |
| Depreciation | - | (5,519) |
| Net other corporate income/(expenses) | (7,539,131) | (2,790,776) |
| Consolidated loss before tax | <u>(24,981,041)</u> | <u>(15,680,708)</u> |

Reconciliations of reportable assets and liabilities

Assets

| | | |
|--------------------------------------|--------------------|-------------------|
| Total assets for reportable segments | 76,275,148 | 39,162,484 |
| Unallocated corporate assets | 191,022,032 | 27,949,219 |
| Consolidated total assets | <u>267,296,980</u> | <u>67,111,103</u> |

Liabilities

| | | |
|---|-------------------|-------------------|
| Total liabilities for reportable segments | 16,497,821 | 8,907,519 |
| Unallocated corporate liabilities | 3,923,840 | 2,188,543 |
| Consolidated total liabilities | <u>20,121,996</u> | <u>11,096,062</u> |

Notes to the Consolidated Financial Statements

24 COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities as at the date of this financial report.

At balance date the Group had capital commitments of \$42,520,458.

25 PROVISION FOR DECOMMISSIONING AND REHABILITATION

The Group may have an obligation to decommission the site of its Precursor Production Facility and restore the site at the end of the assets useful life. Management have assessed what obligations may exist and recorded a provision of \$1,627,898.

| | 2024 | 2023 |
|--|------------------|----------|
| | \$ | \$ |
| Opening balance | - | - |
| Provision for decommissioning and rehabilitation | 1,627,898 | - |
| | <u>1,627,898</u> | <u>-</u> |

26 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2024 the parent and ultimate controlling entity of the Group was Alpha HPA Limited.

Result of the parent entity:

| | | |
|--------------------------|---------------------|---------------------|
| Net loss | (27,001,791) | (15,859,467) |
| Other comprehensive loss | - | - |
| Total comprehensive loss | <u>(27,001,791)</u> | <u>(15,859,467)</u> |

Financial position of the parent entity:

| | | |
|---------------------|--------------------|-------------------|
| Current assets | 188,689,971 | 18,966,186 |
| Non-current assets | 57,564,804 | 38,396,845 |
| Total assets | <u>246,254,775</u> | <u>57,363,031</u> |
| Current liabilities | 1,060,309 | 1,326,440 |
| Total liabilities | <u>1,060,309</u> | <u>1,326,440</u> |
| Net assets | <u>245,194,466</u> | <u>56,036,591</u> |

Total equity of the parent entity:

| | | |
|------------------------|--------------------|-------------------|
| Share capital | 348,983,987 | 127,756,650 |
| Option premium reserve | 3,350,740 | 8,418,412 |
| Accumulated losses | (107,140,262) | (80,138,471) |
| Total equity | <u>245,194,466</u> | <u>56,036,591</u> |

The Directors are of the opinion that no contingencies existed at, or subsequent to, year end.

The Company had no capital commitments at the balance date.

Notes to the Consolidated Financial Statements

27 EVENTS SUBSEQUENT TO REPORTING DATE

In July 2024 the Company received a \$6.2M R&D Tax Incentive Rebate, which related to the 2022/2023 financial year.

Other than the matter outlined above, no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

28 GROUP ENTITIES

Particulars in relation to each controlled entity:

| | Country of incorporation | Company interest in ordinary shares | |
|-------------------------------|--------------------------|-------------------------------------|--------|
| | | 2024 % | 2023 % |
| <i>Parent entity</i> | | | |
| Alpha HPA Limited | Australia | | |
| <i>Controlled entities</i> | | | |
| Augur Investments Pty Limited | Australia | 100 | 100 |
| Alapex Pty Ltd | Australia | 100 | - |
| Bugis Pty Ltd | Australia | 100 | 100 |
| Alpha Sapphire Pty Ltd | Australia | 100 | 100 |
| Solindo Pty Ltd | Australia | 100 | 100 |

For personal use only

Alpha HPA Limited

and its controlled entities

Consolidated entity disclosure statement For the year ended 30 June 2024

| Entity Name | Body corporate, partnership or trust | Place incorporated/ formed | % of share capital held directly or indirectly by the Company in the body corporate | Australian or Foreign tax resident |
|-------------------------------|--------------------------------------|----------------------------|---|------------------------------------|
| Alpha HPA Limited | Body corporate | Australia | | Australian |
| Augur Investments Pty Limited | Body corporate | Australia | 100% | Australian |
| Alapex Pty Ltd | Body corporate | Australia | 100% | Australian |
| Bugis Pty Ltd | Body corporate | Australia | 100% | Australian |
| Alpha Sapphire Pty Ltd | Body corporate | Australia | 100% | Australian |
| Solindo Pty Ltd | Body corporate | Australia | 100% | Australian |

Key assumptions and judgements:

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency - The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency - The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

For personal use only

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Alpha HPA Limited (the Company):
 - (a) the consolidated financial statements and notes thereto, set out on pages 45 to 75, and the Remuneration Report in the Directors Report, as set out on pages 37 to 43, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) the consolidated entity disclosure statement as at 30 June 2024 set out on page 76 is true and correct; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2024.
4. The Directors draw attention to Note 3 to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 30th day of August 2024 in accordance with a resolution of the Board of Directors.



Rimas Kairaitis
Managing Director



Independent Auditor's Report

To the shareholders of Alpha HPA Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Alpha HPA Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Property, plant and equipment - \$59,005,720

Refer to Note 3 and Note 12 to the Financial Report

The key audit matter

Property, plant and equipment is considered to be a key audit matter due to the significance of the amount (being 22% of total assets) and the audit effort associated with assessing the completeness, existence, accuracy and classification of the amounts recorded by the Group given the stage of the Group's construction of significant plant and equipment projects.

The balance of property, plant and equipment mainly represents the costs the group has capitalised, and the Group's recognition of the capital portion of government grants received in relation to the construction of plant and equipment as a reduction to its carrying value.

How the matter was addressed in our audit

Our procedures included:

- Assessing the Group's accounting policy for property, plant and equipment against the requirements of the accounting standards.
- For a statistical sample of items recorded as property, plant and equipment, checking the:
 - Expenditure amount recorded for consistency to invoices from third parties or other underlying documentation;
 - Classification of the expenditure as property, plant and equipment for consistency with its nature, by inspecting invoices from third parties or other underlying documentation and considering the Group's accounting policy.
- Testing the completeness of property plant and equipment expenditure recorded in the year by inspecting the underlying documentation for a sample of payments recorded by the Group after year end and unprocessed invoices at year end for evidence of the timing of the related expenditure.
- Reading the executed government grant agreements to understand the key terms of the agreements.
- Evaluating the appropriateness of the Group's accounting policies for recognition of government grants against the requirements of the accounting standards and our understanding of the business.

| | |
|--|--|
| | <ul style="list-style-type: none"> • Evaluating the recognition of government grants as a reduction in the carrying value of property, plant and equipment by considering the terms of the grants and the percentage completion of the projects. • Evaluating the disclosures made in the financial statements against the requirements of the accounting standards. |
|--|--|

Other Information

Other Information is financial and non-financial information in Alpha HPA Limited’s annual report which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Alpha HPA Limited for the year ended 30 June 2024 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 37 to 43 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Stephen Board
Partner

Brisbane
30 August 2024

Alpha HPA Limited

ABN 79 106 879 690

Additional ASX Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 July 2024.

Distribution of Equity Securities

| ORDINARY SHARES | | |
|---------------------|-------------------|----------------------|
| Range | Number of Holders | Number of Shares |
| 1 - 1,000 | 825 | 519,238 |
| 1,001 - 5,000 | 1,694 | 4,662,166 |
| 5,001 - 10,000 | 834 | 6,706,488 |
| 10,001 - 100,000 | 1,638 | 58,969,910 |
| 100,001 - 9,999,999 | 495 | 1,063,722,891 |
| Total | 5,486 | 1,134,580,693 |

The number of shareholders holding less than a marketable parcel is 351.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

| Nº | ORDINARY SHARES SHAREHOLDER | Nº OF SHARES | TOTAL % |
|--------------|--|--------------------|--------------|
| 1 | JP Morgan Nominees Australia Pty Ltd | 149,231,693 | 13.15 |
| 2 | Citicorp Nominees Pty Limited | 126,182,242 | 11.12 |
| 3 | HSBC Custody Nominees (Australia) Limited | 89,723,551 | 7.91 |
| 4 | Permgold Pty Ltd | 67,326,909 | 5.93 |
| 5 | Orica Investments Pty Ltd | 57,737,762 | 5.09 |
| 6 | UBS Nominees Pty Ltd | 48,042,444 | 4.23 |
| 7 | Palmer Bookmaking Pty Limited | 34,236,408 | 3.02 |
| 8 | BT Portfolio Services Limited <Warrell Holdings S/F A/C> | 29,000,000 | 2.56 |
| 9 | Rosignol Pty Ltd <Nightingale Family A/C> | 13,612,500 | 1.20 |
| 10 | All-States Finance Pty Limited | 12,971,211 | 1.14 |
| 11 | Ninan Pty Ltd | 12,171,678 | 1.07 |
| 12 | AMP Racing Pty Limited <AMP Racing A/C> | 10,392,341 | 0.92 |
| 13 | MRP Racing Pty Limited <MRP Racing A/C> | 10,391,776 | 0.92 |
| 14 | GAP Bookmaking Pty Limited <GAP Racing A/C> | 10,391,767 | 0.92 |
| 15 | Rolo Equities Pty Limited | 10,250,000 | 0.90 |
| 16 | HSBC Custody Nominees (Australia) Limited – GSI EDA | 9,472,326 | 0.83 |
| 17 | Neweconomy Com Au Nominees Pty Limited <900 Account> | 9,066,175 | 0.80 |
| 18 | Budworth Capital Pty Ltd <Rolling Hills Capital A/C> | 9,060,715 | 0.80 |
| 19 | Rimas Kairaitis | 8,700,000 | 0.77 |
| 20 | BNP Paribas Noms Pty Ltd | 8,399,531 | 0.74 |
| Total | | 726,361,029 | 64.02 |

There are no current on-market buy backs.

Alpha HPA Limited

ABN 79 106 879 690

Additional ASX Information

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

| Shareholder | N° of Shares Held |
|---|-------------------------|
| Regal Funds Management Pty Ltd (RFM) | 70,916,053 |
| Permgold Pty Ltd | 67,291,194 |
| Macquarie Group Limited | 63,041,931 |
| AustralianSuper Pty Ltd | 56,910,996 |
| Orica Limited and Orica Investments Pty Ltd | 44,982,980 |

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

For personal use only

Alpha HPA Limited
ABN 79 106 879 690
Corporate Directory

Directors:

Mr Norman Seckold (Chairman)
Mr Rimas Kairaitis (Managing Director)
Dr Regan Crooks
Ms Marghanita Johnson
Ms Annie Liu
Mr Peter Nightingale
Mr Anthony Sgro
Mr Robert Williamson

Company Secretary:

Mr Richard Edwards

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone: 61-2 9300 3310
Fax: 61-2 9221 6333
Homepage: www.alphahpa.com.au

Auditors:

KPMG
Level 11, Heritage Lanes
80 Ann Street
BRISBANE QLD 4000

Share Registrar:

Computershare Investor Services Pty Limited
6 Hope Street
ERMINGTON NSW 2115
Phone: 1300 787 272
Overseas Callers: 61-3 9415 4000
Fax: 61-3 9473 2500

For personal use only